

DANA HOLDING CORP
Form 10-K
February 20, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-K
Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended: December 31, 2014
Commission File Number: 1-1063

Dana Holding Corporation
(Exact name of registrant as specified in its charter)

Delaware (State of incorporation)	26-1531856 (IRS Employer Identification Number)
3939 Technology Drive, Maumee, OH (Address of principal executive offices)	43537 (Zip Code)

Registrant's telephone number, including area code: (419) 887-3000

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

Title of each class	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant computed by reference to the closing price of the common stock on June 30, 2014 was \$3,789,221,901.

APPLICABLE ONLY TO CORPORATE ISSUERS:

There were 164,785,497 shares of the registrant's common stock outstanding at February 6, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the Annual Meeting of Stockholders to be held on April 30, 2015 are incorporated by reference into Part III.

DANA HOLDING CORPORATION
 FORM 10-K
 YEAR ENDED DECEMBER 31, 2014

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Forward-Looking Information

Statements in this report (or otherwise made by us or on our behalf) that are not entirely historical constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can often be identified by words such as “anticipates,” “expects,” “believes,” “intends,” “plans,” “predicts,” “seeks,” “estimates,” “projects,” “outlook,” “may,” “will,” “should,” “would,” “could,” “potential,” “continue,” “ongoing” and similar expressions, variations or negatives of these words. These statements represent the present expectations of Dana Holding Corporation and its consolidated subsidiaries (Dana) based on our current information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Our plans, actions and actual results could differ materially from our present expectations due to a number of factors, including those discussed below and elsewhere in this report and in our other filings with the Securities and Exchange Commission (SEC). All forward-looking statements speak only as of the date made and we undertake no obligation to publicly update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this report.

PART I

(Dollars in millions, except per share amounts)

Item 1. Business

General

Dana Holding Corporation (Dana) is headquartered in Maumee, Ohio and was incorporated in Delaware in 2007. As a global provider of high technology driveline (axles, driveshafts and transmissions), sealing and thermal-management products our customer base includes virtually every major vehicle manufacturer in the global light vehicle, medium/heavy vehicle and off-highway markets. We employ approximately 22,600 people, operate in 25 countries and have 90 major facilities around the world.

The terms “Dana,” “we,” “our” and “us,” when used in this report are references to Dana. These references include the subsidiaries of Dana unless otherwise indicated or the context requires otherwise.

Overview of our Business

We have aligned our organization around four operating business segments: Light Vehicle Driveline Technologies (Light Vehicle), Commercial Vehicle Driveline Technologies (Commercial Vehicle), Off-Highway Driveline Technologies (Off-Highway) and Power Technologies. These businesses have global responsibility and accountability for business commercial activities and financial performance.

External sales by operating segment for the years ended December 31, 2014, 2013 and 2012 are as follows:

	2014		2013		2012			
	Dollars	% of Total	Dollars	% of Total	Dollars	% of Total		
Light Vehicle	\$2,496	37.7	% \$2,549	37.7	% \$2,743	38.0	%	
Commercial Vehicle	1,838	27.8	% 1,860	27.5	% 1,960	27.1	%	
Off-Highway	1,231	18.6	% 1,330	19.6	% 1,509	20.9	%	
Power Technologies	1,052	15.9	% 1,030	15.2	% 1,012	14.0	%	
Total	\$6,617		\$6,769		\$7,224			

Refer to Segment Results of Operations in Item 7 and Note 19 to our consolidated financial statements in Item 8 for further financial information about our operating segments.

Our business is diversified across end-markets, products and customers. The following table summarizes the markets, products and largest customers of each of our operating segments.

Segment	Markets	Products	Largest Customers
Light Vehicle	Light vehicle market:	Front axles	Ford Motor Company
	Light trucks (full frame)	Rear axles	Hyundai Mobis
	Sport utility vehicles	Driveshafts	Tata Motors
	Crossover utility vehicles	Differentials	Nissan Motor Company
	Vans	Torque couplings	Toyota Motor Company
	Passenger cars	Modular assemblies	FCA US LLC (Chrysler)
Commercial Vehicle	Medium/heavy vehicle market:	Steer axles	PACCAR
	Medium duty trucks	Drive axles	AB Volvo
	Heavy duty trucks	Driveshafts	Volkswagen AG
	Buses	Tire inflation systems	Ford Motor Company
	Specialty vehicles		Daimler AG
Off-Highway	Off-Highway market:	Front axles	Deere & Company
	Construction	Rear axles	AGCO Corporation
	Earth moving	Driveshafts	Manitou Group
	Agricultural	Transmissions	Oshkosh Corporation
	Mining	Torque converters	CNH Industrial N.V.
	Forestry	Tire inflation systems	
	Rail	Electronic controls	
	Material handling		
Power Technologies	Light vehicle market	Gaskets	Ford Motor Company
	Medium/heavy vehicle market	Cover modules	Caterpillar Inc.
	Off-Highway market	Heat shields	Volkswagen AG
		Engine sealing systems	General Motors Company
		Cooling	Cummins Inc.
		Heat transfer products	

Geographic Operations

We maintain administrative and operational organizations in North America, Europe, South America and Asia Pacific to support the operational requirements of our operating segments, assist with the management of affiliate relations and facilitate financial and statutory reporting and tax compliance on a worldwide basis. Our operations are located in the following countries:

North America	Europe	South Africa	South America	Asia Pacific
Canada	Belgium	Spain	Argentina	Australia
Mexico	France	Sweden	Brazil	China
United States	Germany	Switzerland	Colombia	India
	Hungary	United Kingdom	Ecuador	Japan
	Italy			South Korea
	Russia			Taiwan
				Thailand

Our non-U.S. subsidiaries and affiliates manufacture and sell products similar to those we produce in the United States. Operations outside the U.S. may be subject to a greater risk of changing political, economic and social environments, changing governmental laws and regulations, currency revaluations and market fluctuations than our domestic operations. See the discussion of risk factors in Item 1A.

Sales reported by our non-U.S. subsidiaries comprised \$3,857 of our 2014 consolidated sales of \$6,617. A summary of sales and long-lived assets by geographic region can be found in Note 19 to our consolidated financial statements in Item 8.

Customer Dependence

We are largely dependent on light vehicle, medium- and heavy-duty vehicle and off-highway original equipment manufacturer customers. Ford Motor Company (Ford) was the only individual customer accounting for 10% or more of our consolidated sales in 2014. As a percentage of total sales from operations, our sales to Ford were approximately 18% in 2014 and 18% in 2013 and 17% in 2012 and our sales to PACCAR, our second largest customer, were approximately 9% in 2014 and 8% in both 2013 and 2012. Hyundai Mobis, Tata Motors and Nissan Motor Corporation were our third, fourth and fifth largest customers in 2014. Our 10 largest customers collectively accounted for approximately 55% of our sales in 2014.

Loss of all or a substantial portion of our sales to Ford or other large volume customers would have a significant adverse effect on our financial results until such lost sales volume could be replaced and there is no assurance that any such lost volume would be replaced. We continue to work to diversify our customer base and geographic footprint.

Sources and Availability of Raw Materials

We use a variety of raw materials in the production of our products, including steel and products containing steel, stainless steel, forgings, castings and bearings. Other commodity purchases include aluminum, brass, copper and plastics. These materials are typically available from multiple qualified sources in quantities sufficient for our needs. However, some of our operations remain dependent on single sources for certain raw materials.

While our suppliers have generally been able to support our needs, our operations may experience shortages and delays in the supply of raw material from time to time, due to strong demand, capacity limitations, short lead times, production schedule increases from our customers and other problems experienced by the suppliers. A significant or prolonged shortage of critical components from any of our suppliers could adversely impact our ability to meet our production schedules and to deliver our products to our customers in a timely manner.

Seasonality

Our businesses are generally not seasonal. However, in the light vehicle market, our sales are closely related to the production schedules of our OEM customers and those schedules have historically been weakest in the third quarter of the year due to a large number of model year change-overs that occur during this period. Additionally, third-quarter production schedules in Europe are typically impacted by the summer vacation schedules and fourth-quarter production is affected globally by year-end holidays.

Backlog

A substantial amount of the new business we are awarded by OEMs is granted well in advance of a program launch. These awards typically extend through the life of the given program. This backlog of new business does not represent firm orders. We estimate future sales from new business using the projected volume under these programs.

Competition

Within each of our markets, we compete with a variety of independent suppliers and distributors, as well as with the in-house operations of certain OEMs. With a renewed focus on product innovation, we differentiate ourselves through efficiency and performance, reliability, materials and processes, sustainability and product extension.

The following table summarizes our principal competitors by operating segment.

Segment	Principal Competitors
Light Vehicle	ZF Friedrichshafen AG GKN plc American Axle & Manufacturing Holdings, Inc. Magna International Inc. Wanxiang Group Corporation Hitachi Automotive Systems, Ltd. IFA ROTORION Holding GmbH Neapco, LLC Vertically integrated OEM operations
Commercial Vehicle	Meritor, Inc. American Axle & Manufacturing Holdings, Inc. Hendrickson (a subsidiary of the Boler Company) Klein Products Inc. Vertically integrated OEM operations
Off-Highway	Carraro Group ZF Friedrichshafen AG GKN plc Kessler + Co. Meritor, Inc. YTO Group Comer Industries Vertically integrated OEM operations
Power Technologies	ElringKlinger AG Federal-Mogul Corporation Freudenberg NOK Group MAHLE GmbH Modine Manufacturing Company Valeo Group YinLun Co., LTD Denso Corporation

Intellectual Property

Our proprietary driveline and power technologies product lines have strong identities in the markets we serve. Throughout these product lines, we manufacture and sell our products under a number of patents that have been obtained over a period of years and expire at various times. We consider each of these patents to be of value and aggressively protect our rights throughout the world against infringement. We are involved with many product lines and the loss or expiration of any particular patent would not materially affect our sales and profits.

We own or have licensed numerous trademarks that are registered in many countries, enabling us to market our products worldwide. For example, our Spicer®, Victor Reinz® and Long® trademarks are widely recognized in their market segments.

Engineering and Research and Development

Since our introduction of the automotive universal joint in 1904, we have been focused on technological innovation. Our objective is to be an essential partner to our customers and we remain highly focused on offering superior product quality, technologically advanced products, world-class service and competitive prices. To enhance quality and reduce costs, we use statistical process control, cellular manufacturing, flexible regional production and assembly, global sourcing and extensive employee training.

We engage in ongoing engineering and research and development activities to improve the reliability, performance and cost-effectiveness of our existing products and to design and develop innovative products that meet customer requirements for

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new applications. We are integrating related operations to create a more innovative environment, speed product development, maximize efficiency and improve communication and information sharing among our research and development operations. At December 31, 2014, we had eight standalone technical and engineering centers with additional research and development activities carried out at seven additional sites. Our research and development costs were \$72 in 2014, \$64 in 2013 and \$57 in 2012. Total engineering expenses including research and development were \$176 in 2014, \$165 in 2013 and \$161 in 2012.

Our research and development activities continue to improve customer value. For all of our markets, this means drivelines with higher torque capacity, reduced weight and improved efficiency. End-use customers benefit by having vehicles with better fuel economy and reduced cost of ownership. We are also developing a number of power technologies products for vehicular and other applications that will assist fuel cell, battery and hybrid vehicle manufacturers in making their technologies commercially viable in mass production.

Employment

The following table summarizes our employment by operating segment.

Segment	Employees
Light Vehicle	8,900
Commercial Vehicle	5,200
Off-Highway	2,700
Power Technologies	4,700
Technical and administrative	1,100
Total	22,600

Environmental Compliance

We make capital expenditures in the normal course of business as necessary to ensure that our facilities are in compliance with applicable environmental laws and regulations. The cost of environmental compliance has not been a material part of capital expenditures and did not have a material adverse effect on our earnings or competitive position in 2014.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 as amended (Exchange Act) are available, free of charge, on or through our Internet website at <http://www.dana.com/investors> as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the SEC. We also post our Corporate Governance Guidelines, Standards of Business Conduct for Members of the Board of Directors, Board Committee membership lists and charters, Standards of Business Conduct and other corporate governance materials on our Internet website. Copies of these posted materials are also available in print, free of charge, to any stockholder upon request from: Dana Holding Corporation, Investor Relations, P.O. Box 1000, Maumee, Ohio 43537, or via telephone in the U.S. at 800-537-8823 or e-mail at InvestorRelations@dana.com. The inclusion of our website address in this report is an inactive textual reference only and is not intended to include or incorporate by reference the information on our website into this report.

Item 1A. Risk Factors

We are impacted by events and conditions that affect the light vehicle, medium/heavy vehicle and off-highway markets that we serve, as well as by factors specific to Dana. Among the risks that could materially adversely affect our business, financial condition or results of operations are the following, many of which are interrelated.

Risk Factors Related to the Markets We Serve

Failure to sustain a continuing economic recovery in the United States and elsewhere could have a substantial adverse effect on our business.

Our business is tied to general economic and industry conditions as demand for vehicles depends largely on the strength of the economy, employment levels, consumer confidence levels, the availability and cost of credit and the cost of fuel. These factors have had and could continue to have a substantial impact on our business.

We expect an overall modest sales increase in 2015 from global market conditions. We expect the North America economic climate will continue to be strong, contributing to stable or modest improvements in the markets we serve. Although the rate of growth in the Asia Pacific region has slowed, we expect overall economic improvement in that region in 2015. The economy in Europe is expected to improve modestly, while the South America countries where we do business are expected to remain relatively weak in 2015. Adverse developments in the economic conditions of these markets could reduce demand for new vehicles, causing our customers to reduce their vehicle production and, as a result, demand for our products would be adversely affected.

Adverse global economic conditions could also cause our customers and suppliers to experience severe economic constraints in the future, including bankruptcy, which could have a material adverse impact on our financial position and results of operations.

We could be adversely impacted by the loss of any of our significant customers, changes in their requirements for our products or changes in their financial condition.

We are reliant upon sales to several significant customers. Sales to our ten largest customers accounted for 55% of our overall sales in 2014. Changes in our business relationships with any of our large customers or in the timing, size and continuation of their various programs could have a material adverse impact on us.

The loss of any of these customers, the loss of business with respect to one or more of their vehicle models on which we have high component content, or a significant decline in the production levels of such vehicles would negatively impact our business, results of operations and financial condition. Pricing pressure from our customers also poses certain risks. Inability on our part to offset pricing concessions with cost reductions would adversely affect our profitability. We are continually bidding on new business with these customers, as well as seeking to diversify our customer base, but there is no assurance that our efforts will be successful. Further, to the extent that the financial condition of our largest customers deteriorates, including possible bankruptcies, mergers or liquidations, or their sales otherwise decline, our financial position and results of operations could be adversely affected.

We may be adversely impacted by changes in international legislative and political conditions.

We operate in 25 countries around the world and we depend on significant foreign suppliers and customers. Further, we have several growth initiatives that are targeting emerging markets like China and India. Legislative and political activities within the countries where we conduct business, particularly in emerging markets and less developed countries, could adversely impact our ability to operate in those countries. The political situation in a number of countries in which we operate could create instability in our contractual relationships with no effective legal safeguards for resolution of these issues, or potentially result in the seizure of our assets. Through January 23, 2015, we operated in Venezuela where government exchange controls and policies placed restrictions on our ability to operate effectively and repatriate funds. Our risk associated with operating in this country was significantly reduced with the divestiture of our operations in Venezuela on January 23, 2015. However, we expect to continue exporting product to Venezuela, and our ability to do so effectively could be adversely impacted by Venezuela government policies. We operate in Argentina, where trade-related initiatives and other government restrictions limit our ability to optimize operating effectiveness. At December 31, 2014, our net asset exposure related to Argentina was approximately \$30, including \$12 of net fixed assets.

We may be adversely impacted by the strength of the U.S. dollar relative to the currencies in the other countries in which we do business.

Approximately 58% of our sales in 2014 were from operations located in countries other than the U.S. Currency variations can have an impact on our results (expressed in U.S. dollars). Currency variations can also adversely affect margins on sales of our products in countries outside of the U.S. and margins on sales of products that include components obtained from affiliates or other suppliers located outside of the U.S. Strengthening of the U.S. dollar against the euro and currencies of other countries in which we have operations could adversely affect our results reported in U.S. dollars. We use a combination of natural hedging techniques and financial derivatives to mitigate foreign currency exchange rate risks. Such hedging activities may be ineffective or may not offset more than a portion of the adverse financial impact resulting from currency variations.

We may be adversely impacted by new laws, regulations or policies of governmental organizations related to increased fuel economy standards and reduced greenhouse gas emissions, or changes in existing ones.

The markets and customers we serve are subject to a substantial amount of government regulation, which often differs by state, region and country. Government regulations, and proposals for additional regulation, are advanced primarily out of concern for the environment (including concerns about the possibility of global climate change and its impact) and energy independence. We anticipate that the number and extent of these regulations, and the costs to comply with them, will increase significantly in the future.

In the U.S., vehicle fuel economy and greenhouse gas emissions are regulated under a harmonized national program administered by the National Highway Traffic Safety Administration and the Environmental Protection Agency. Other governments in the markets we serve are also creating new policies to address these same issues, including the European Union, Brazil, China and India. These government regulatory requirements could significantly affect our customers by altering their global product development plans and substantially increasing their costs, which could result in limitations on the types of vehicles they sell and the geographical markets they serve. Any of these outcomes could adversely affect our financial position and results of operations.

Company-Specific Risk Factors

We have taken, and continue to take, cost-reduction actions. Although our process includes planning for potential negative consequences, the cost-reduction actions may expose us to additional production risk and could adversely affect our sales, profitability and ability to attract and retain employees.

We have been reducing costs in all of our businesses and have discontinued product lines, exited businesses, consolidated manufacturing operations and positioned operations in lower cost locations. The impact of these cost-reduction actions on our sales and profitability may be influenced by many factors including our ability to successfully complete these ongoing efforts, our ability to generate the level of cost savings we expect or that are necessary to enable us to effectively compete, delays in implementation of anticipated workforce reductions, decline in employee morale and the potential inability to meet operational targets due to our inability to retain or recruit key employees.

We operate as a holding company and depend on our subsidiaries for cash to satisfy the obligations of the holding company.

Dana Holding Corporation is a holding company. Our subsidiaries conduct all of our operations and own substantially all of our assets. Our cash flow and our ability to meet our obligations depend on the cash flow of our subsidiaries. In addition, the payment of funds in the form of dividends, intercompany payments, tax sharing payments and otherwise may be subject to restrictions under the laws of the countries of incorporation of our subsidiaries or the by-laws of the subsidiary.

Labor stoppages or work slowdowns at Dana, key suppliers or our customers could result in a disruption in our operations and have a material adverse effect on our businesses.

We and our customers rely on our respective suppliers to provide parts needed to maintain production levels. We all rely on workforces represented by labor unions. Workforce disputes that result in work stoppages or slowdowns could disrupt operations of all of these businesses, which in turn could have a material adverse effect on the supply of, or demand for, the products we supply our customers.

We could be adversely affected if we are unable to recover portions of commodity costs (including costs of steel, other raw materials and energy) from our customers.

We continue to work with our customers to recover a portion of our material cost increases. While we have been successful in the past recovering a significant portion of such cost increases, there is no assurance that increases in commodity costs will not adversely impact our profitability in the future.

We could be adversely affected if we experience shortages of components from our suppliers or if disruptions in the supply chain lead to parts shortages for our customers.

A substantial portion of our annual cost of sales is driven by the purchase of goods and services. To manage and minimize these costs, we have been consolidating our supplier base. As a result, we are dependent on single sources of supply for some components of our products. We select our suppliers based on total value (including price, delivery and quality), taking into consideration their production capacities and financial condition, and we expect that they will be able to support our needs.

However, there is no assurance that adverse financial conditions, including bankruptcies of our suppliers, reduced levels of production, natural disasters or other problems experienced by our suppliers will not result in shortages or delays in their supply of components to us or even in the financial collapse of one or more such suppliers. If we were to experience a significant or prolonged shortage of critical components from any of our suppliers, particularly those who are sole sources, and were unable to procure the components from other sources, we would be unable to meet our production schedules for some of our key products and to ship such products to our customers in a timely fashion, which would adversely affect our sales, profitability and customer relations.

Adverse economic conditions, natural disasters and other factors can similarly lead to financial distress or production problems for other suppliers to our customers which can create disruptions to our production levels. Any such supply-chain induced disruptions to our production are likely to create operating inefficiencies that will adversely affect our sales, profitability and customer relations.

During 2013, we advised one of our largest suppliers that we did not intend to extend our existing contractual relationship beyond the contract expiration date of December 31, 2014. As a consequence, we established relationships with alternative suppliers and worked to achieve an orderly transition. There is a risk that our operating results and customer relationships could be adversely impacted if the transition to new suppliers is not completed effectively. In 2014, the financial condition of a major supplier to our South America operations led to them pursuing legal reorganization. Our operating results and customer relationships could be adversely impacted depending on the outcome of the legal reorganization.

We use important intellectual property in our business. If we are unable to protect our intellectual property or if a third party makes assertions against us or our customers relating to intellectual property rights, our business could be adversely affected.

We own important intellectual property, including patents, trademarks, copyrights and trade secrets, and are involved in numerous licensing arrangements. Our intellectual property plays an important role in maintaining our competitive position in a number of the markets that we serve. Our competitors may develop technologies that are similar or superior to our proprietary technologies or design around the patents we own or license. Further, as we expand our operations in jurisdictions where the protection of intellectual property rights is less robust, the risk of others duplicating our proprietary technologies increases, despite efforts we undertake to protect them. Developments or assertions by or against us relating to intellectual property rights, and any inability to protect these rights, could materially adversely impact our business and our competitive position.

We could encounter unexpected difficulties integrating acquisitions and joint ventures.

We acquired businesses and invested in joint ventures in 2012 and 2011, and we expect to complete additional investments in the future that complement or expand our businesses. The success of this strategy will depend on our ability to successfully complete these transactions or arrangements, to integrate the businesses acquired in these transactions and to develop satisfactory working arrangements with our strategic partners in the joint ventures. We could encounter unexpected difficulties in completing these transactions and integrating the acquisitions with our existing operations. We also may not realize the degree or timing of benefits anticipated when we entered into a transaction.

Several of our joint ventures operate pursuant to established agreements and, as such, we do not unilaterally control the joint venture. There is a risk that the partners' objectives for the joint venture may not be aligned, leading to potential differences over management of the joint venture that could adversely impact its financial performance and consequent contribution to our earnings. Additionally, inability on the part of our partners to satisfy their contractual obligations under the agreements could adversely impact our results of operations and financial position.

We could be adversely impacted by the costs of environmental, health, safety and product liability compliance.

Our operations are subject to environmental laws and regulations in the U.S. and other countries that govern emissions to the air; discharges to water; the generation, handling, storage, transportation, treatment and disposal of waste materials; and the cleanup of contaminated properties. Historically, other than an EPA settlement as part of our bankruptcy proceedings, environmental costs related to our former and existing operations have not been material. However, there is no assurance that the costs of complying with current environmental laws and regulations, or those that may be adopted in the future, will not increase and adversely impact us.

There is also no assurance that the costs of complying with current laws and regulations, or those that may be adopted in the future, that relate to health, safety and product liability matters will not adversely impact us. There is also a risk of warranty and product liability claims, as well as product recalls, if our products fail to perform to specifications or cause property damage, injury or death, including a risk that asbestos-related product liability claims could result in increased liabilities. (See Notes 15 and 16 to our consolidated financial statements in Item 8 for additional information on warranties and product liabilities.)

A failure of our information technology infrastructure could adversely impact our business and operations.

We recognize the increasing volume of cyber attacks and employ commercially practical efforts to provide reasonable assurance that the risks of such attacks are appropriately mitigated. Each year, we evaluate the threat profile of our industry to stay abreast of trends and to provide reasonable assurance our existing countermeasures will address any new threats identified. Despite our implementation of security measures, our IT systems and those of our service providers are vulnerable to circumstances beyond our reasonable control including acts of terror, acts of government, natural disasters, civil unrest and denial of service attacks which may lead to the theft of our intellectual property, trade secrets or business disruption. To the extent that any disruption or security breach results in a loss or damage to our data or an inappropriate disclosure of confidential information, it could cause significant damage to our reputation, affect our relationships with our customers, suppliers and employees, lead to claims against the company and ultimately harm our business. Additionally, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

We participate in certain multiemployer pension plans which are not fully funded.

We contribute to certain multiemployer defined benefit pension plans for our union-represented employees in the U.S. in accordance with our collective bargaining agreements. Contributions are based on hours worked except in cases of layoff or leave where we generally contribute based on 40 hours per week for a maximum of one year. The plans are not fully funded as of December 31, 2014. We could be held liable to the plans for our obligation, as well as those of other employers, due to our participation in the plans. Contribution rates could increase if the plans are required to adopt a funding improvement plan, if the performance of plan assets does not meet expectations or as a result of future collectively bargained wage and benefit agreements. (See Note 11 to our consolidated financial statements in Item 8 for additional information on multiemployer pension plans.)

Changes in interest rates and asset returns could increase our pension funding obligations and reduce our profitability. We have unfunded obligations under certain of our defined benefit pension and other postretirement benefit plans. The valuation of our future payment obligations under the plans and the related plan assets are subject to significant adverse changes if the credit and capital markets cause interest rates and projected rates of return to decline. Such declines could also require us to make significant additional contributions to our pension plans in the future. A material increase in the unfunded obligations of these plans could also result in a significant increase in our pension expense in the future.

We may incur additional tax expense or become subject to additional tax exposure.

Our provision for income taxes and the cash outlays required to satisfy our income tax obligations in the future could be adversely affected by numerous factors. These factors include changes in the level of earnings in the tax jurisdictions in which we operate, changes in the valuation of deferred tax assets, changes in our plans to repatriate the earnings of our non-U.S. operations to the U.S. and changes in tax laws and regulations. Our income tax returns are subject to examination by federal, state and local tax authorities in the U.S. and tax authorities outside the U.S. The results of these examinations and the ongoing assessments of our tax exposures could also have an adverse effect on our provision for income taxes and the cash outlays required to satisfy our income tax obligations.

Our ability to utilize our net operating loss carryforwards may be limited.

Net operating loss carryforwards (NOLs) approximating \$1,235 were available at December 31, 2014 to reduce future U.S. income tax liabilities. Our ability to utilize these NOLs may be limited as a result of certain change of control provisions of the U.S. Internal Revenue Code of 1986, as amended (Code). Of this amount, NOLs of approximately \$677 are treated as losses incurred before the change of control upon emergence from Chapter 11 and are limited to annual utilization of \$84. The balance of our NOLs, treated as incurred subsequent to the change in control, is not subject to limitation as of December 31, 2014. However, there can be no assurance that trading in our shares will not effect another change in control under the Code, which would further limit our ability to utilize our available NOLs. Such limitations may cause us to pay income taxes earlier and in greater amounts than would be the case if the NOLs were not subject to limitation.

Risk Factors Related to our Securities

Provisions in our Restated Certificate of Incorporation and Bylaws may discourage a takeover attempt.

Certain provisions of our Restated Certificate of Incorporation and Bylaws, as well as the General Corporation Law of the State of Delaware, may have the effect of delaying, deferring or preventing a change in control of Dana. Such provisions, including those governing the nomination of directors, limiting who may call special stockholders' meetings and eliminating stockholder action by written consent, may make it more difficult for other persons, without the approval of our board of directors, to make a tender offer or otherwise acquire substantial amounts of common stock or to launch other takeover attempts that a stockholder might consider to be in such stockholder's best interest.

Item 1B. Unresolved Staff Comments

-None-

Item 2. Properties

Type of Facility	North America	Europe	South America	Asia Pacific	Total
Light Vehicle					
Manufacturing/Distribution	13	3	5	8	29
Commercial Vehicle					
Manufacturing/Distribution	8	4	3	4	19
Off-Highway					
Manufacturing/Distribution	2	8		2	12
Power Technologies					
Manufacturing/Distribution	12	4		2	18
Technical and Engineering Centers	3				3
Corporate and other					
Administrative Offices	3			1	4
Technical and Engineering Centers - Multiple	2			3	5
Segments	43	19	8	20	90

We operate in 25 countries and have 90 major facilities housing manufacturing and distribution operations, technical and engineering centers and administrative offices. In addition to the eight standalone technical and engineering centers in the table above, we have seven technical and engineering centers housed within manufacturing sites. We lease 33 of these manufacturing and distribution operations and a portion of four others and own the remainder of our facilities. We believe that all of our property and equipment is properly maintained.

Our corporate headquarters facilities are located in Maumee, Ohio. This facility and other facilities in the greater Detroit, Michigan and Toledo, Ohio areas house functions that have global or North American regional responsibility for finance and accounting, treasury, risk management, legal, human resources, procurement and supply chain management, communications and information technology.

Item 3. Legal Proceedings

We are a party to various pending judicial and administrative proceedings that arose in the ordinary course of business. After reviewing the currently pending lawsuits and proceedings (including the probable outcomes,

reasonably anticipated costs and expenses and our established reserves for uninsured liabilities), we do not believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations. Legal proceedings are also discussed in Note 3 and Note 15 to our consolidated financial statements in Item 8.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market information — Our common stock trades on the New York Stock Exchange (NYSE) under the symbol "DAN." The following table shows the high and low prices of our common stock as reported by the NYSE for each of our fiscal quarters during 2014 and 2013.

	2014		2013	
	High	Low	High	Low
Fourth quarter	\$22.36	\$16.81	\$23.46	\$18.32
Third quarter	24.82	18.93	23.17	19.42
Second quarter	24.48	20.60	19.76	15.51
First quarter	23.28	18.06	18.24	15.17

Holders of common stock — Based on reports by our transfer agent, there were approximately 3,889 registered holders of our common stock on February 6, 2015.

Stockholder return — The following graph shows the cumulative total shareholder return for our common stock since December 31, 2009. The graph compares our performance to that of the Standard & Poor's 500 Stock Index and the Dow Jones US Auto Parts Index. The comparison assumes \$100 was invested at the closing price on December 31, 2009. Each of the returns shown assumes that all dividends paid were reinvested.

Performance chart
Index

	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Dana Holding Corporation	\$100.00	\$157.33	\$111.79	\$144.73	\$182.62	\$203.50
S&P 500	100.00	115.06	117.49	136.30	180.44	205.14
Dow Jones US Auto Parts	100.00	158.18	139.53	156.14	243.66	269.56

Dividends — We declared and paid four quarterly common stock dividends of five cents per share in both 2014 and 2013.

Issuer's purchases of equity securities — On July 30, 2014, our Board of Directors approved an expansion of our existing share repurchase program from \$1,000 to \$1,400. The share repurchase program expires on December 31, 2015. We will repurchase shares utilizing available excess cash either in the open market or through privately negotiated transactions. The stock repurchases are subject to prevailing market conditions and other considerations. Under the program, we used cash of \$79 to repurchase shares of our common stock during the fourth quarter of 2014.

The following table shows repurchases of our common stock for each calendar month in the quarter ended December 31, 2014.

Calendar Month	Class or Series of Securities	Number of Shares Purchased	Average Price Paid per Share	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
October	Common	1,500,646	\$ 18.70	1,500,646	\$ 362
November	Common	671,731	\$ 20.71	671,731	\$ 348
December	Common	1,747,872	\$ 21.10	1,747,872	\$ 311

Annual meeting — We will hold an annual meeting of stockholders on April 30, 2015.

Item 6. Selected Financial Data

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Operating Results					
Net sales	\$6,617	\$6,769	\$7,224	\$7,544	\$5,921
Income from continuing operations before income taxes	260	368	364	306	55
Income from continuing operations	343	261	315	240	36
Loss from discontinued operations	(15)	(1)	—	(8)	(21)
Net income	328	260	315	232	15
Net income attributable to the parent company	\$319	\$244	\$300	\$219	\$4
Preferred stock dividend requirements	7	25	31	31	32
Preferred stock redemption premium	—	232	—	—	—
Net income (loss) available to common stockholders	\$312	\$(13)	\$269	\$188	\$(28)
Net income (loss) per share available to common stockholders					
Basic					
Income (loss) from continuing operations	\$2.07	\$(0.08)	\$1.82	\$1.34	\$(0.05)
Loss from discontinued operations	(0.10)	(0.01)	—	(0.06)	(0.15)
Net income (loss)	1.97	(0.09)	1.82	1.28	(0.20)
Diluted					
Income (loss) from continuing operations	\$1.93	\$(0.08)	\$1.40	\$1.05	\$(0.05)
Loss from discontinued operations	(0.09)	(0.01)	—	(0.03)	(0.15)
Net income (loss)	1.84	(0.09)	1.40	1.02	(0.20)
Depreciation and amortization of intangibles	\$213	\$262	\$277	\$307	\$314
Net cash provided by operating activities	510	577	339	370	287
Purchases of property, plant and equipment	234	209	164	196	120
Financial Position					
Cash and cash equivalents and marketable securities	\$1,290	\$1,366	\$1,119	\$987	\$1,144
Total assets	4,930	5,129	5,144	5,277	5,101
Long-term debt	1,613	1,567	803	831	780
Total debt	1,678	1,624	904	902	947
Preferred stock	—	372	753	753	762
Common stock and additional paid-in capital	2,642	2,842	2,670	2,644	2,614
Treasury stock	(33)	(366)	(25)	(9)	(4)
Total parent company stockholders' equity	1,080	1,309	1,836	1,730	1,680
Book value per share	\$6.83	\$8.94	\$12.41	\$11.81	\$11.94
Common Share Information					
Dividends declared per common share	\$0.20	\$0.20	\$0.20	\$—	\$—
Weighted-average common shares outstanding					
Basic	158.0	146.4	148.0	146.6	140.8
Diluted	173.5	146.4	214.7	215.3	140.8
Market prices					
High	\$24.82	\$23.46	\$16.76	\$19.35	\$17.99

Low	16.81	15.17	11.13	9.45	8.95
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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Dollars in millions)

Management's discussion and analysis of financial condition and results of operations should be read in conjunction with the financial statements and accompanying notes in Item 8.

Management Overview

We are a global provider of high technology driveline, sealing and thermal-management products for virtually every major vehicle manufacturer in the on-highway and off-highway markets. Our driveline products – axles, driveshafts and transmissions – are delivered through our Light Vehicle Driveline Technologies (Light Vehicle), Commercial Vehicle Driveline Technologies (Commercial Vehicle) and Off-Highway Driveline Technologies (Off-Highway) operating segments. Our fourth global operating segment – Power Technologies – is the center of excellence for the sealing and thermal technologies that span all customers in our on-highway and off-highway markets. We have a diverse customer base and geographic footprint which minimizes our exposure to individual market and segment declines. In 2014, 47% of our sales came from North American operations and 53% from operations throughout the rest of the world. Our sales by operating segment were Light Vehicle – 38%, Commercial Vehicle – 27%, Off-Highway – 19% and Power Technologies – 16%.

Operational and Strategic Initiatives

In recent years, we have significantly improved our overall financial prospects — improving the overall profitability of our business, simplifying our capital structure, maintaining strong cash flows and addressing structural costs. We have also strengthened our leadership team and streamlined our operating segments to focus on our core competencies of driveline technologies, sealing systems and thermal management. As a result, we believe that we are well-positioned to place increasing focus on profitable growth and shareholder returns.

Shareholder returns and capital structure actions — Our strong financial position enabled us to provide returns to our common shareholders in the form of cash dividends and the reduction in the number of common share equivalents outstanding. We declared and paid four quarterly common stock dividends of five cents per share in each of the past three years. During 2013, we redeemed our Series A preferred stock, the equivalent of 21 million common shares on an as converted basis, for \$474. In 2014, we exercised our option to convert all remaining outstanding preferred shares to common shares. In 2014, our Board of Directors approved the expansion of our existing share repurchase program from \$1,000 to \$1,400 and, through December 31, 2014, we had repurchased 30 million common shares for \$614.

In December 2014 and the first quarter of 2015, we completed a tender offer for our senior notes maturing in 2019, replacing them with senior notes having lower interest rates maturing in 2024. Additionally, we completed a voluntary program offered to deferred vested salaried participants in our U.S. pension plans. With this program, we reduced plan benefit obligations by \$171 with lump sum payments of \$133 from plan assets.

Technology leadership — With a clear focus on market based value drivers, global mega trends and customer sustainability objectives and requirements, we are driving innovation to create differentiated value for our customers, moving from a “product push” to a “market pull” product pipeline. We are committed to making investments and diversifying our product offerings to strengthen our competitive position in our core driveline, sealing and thermal technologies businesses, creating value for our customers through improved fuel efficiency, emission control, electric and hybrid electric solutions, durability and cost of ownership, software integration and systems solutions. Our September 2012 strategic alliance with Fallbrook Technologies Inc. (Fallbrook) provides us the opportunity to leverage leading edge continuously variable planetary (CVP) technology into the development of advanced drivetrain and transmission solutions for customers in our end markets. In 2014, we opened a new technology center in Cedar Park, Texas to support our CVP technology development initiatives.

Additional engineering and operational investment is being channeled into reinvigorating our product portfolio and capitalizing on technology advancement opportunities. Combined engineering centers of our Light Vehicle and Commercial Vehicle segments allow us the opportunity to better share technologies among these businesses. New engineering facilities in India and China were opened in the past few years and are now on line, more than doubling our engineering presence in the Asia Pacific region with state-of-the-art development and test capabilities that globally support each of our businesses.

Geographic expansion — While growth opportunities are present in each region of the world, we have a primary focus on building our presence and local capability in the Asia Pacific region, especially India and China. In addition to new engineering facilities in India and China, new gear manufacturing facilities were established in India and Thailand in recent years. We completed two transactions in 2011 – increasing the ownership interest in our China-based joint venture with Dongfeng Motor Co., Ltd. (Dongfeng) to 50% and acquiring the axle drive head and final assembly business from our Axles India Limited (AIL)

joint venture – which significantly increased our commercial vehicle driveline presence in the region. We have expanded our China off-highway activities and we believe there is considerable opportunity for growth in this market. In South America, a strategic agreement with SIFCO S.A. (SIFCO), entered in February 2011, made us the leading full driveline supplier in the South American commercial vehicle market.

Aftermarket opportunities — We have a global group dedicated to identifying and developing aftermarket growth opportunities that leverage the capabilities within our existing businesses – targeting increased future aftermarket sales.

Selective acquisitions — Our current acquisition focus is to identify “bolt-on” acquisition opportunities that have a strategic fit with our existing businesses, particularly opportunities that support our growth initiatives and enhance the value proposition of our customer product offerings. Any potential acquisition will be evaluated in the same manner we currently consider customer program opportunities – with a disciplined financial approach designed to ensure profitable growth.

Cost management — Although we have taken significant strides to improve our profitability and margins, particularly through streamlining and rationalizing our manufacturing activities and administrative support processes, we believe additional opportunities remain to further improve our financial performance. We have ramped up our material cost efforts to ensure that we are rationalizing our supply base and obtaining appropriate competitive pricing. We have embarked on information technology initiatives to reduce and streamline systems and supporting costs. With a continued emphasis on process improvements and productivity throughout the organization, we expect cost reductions to continue contributing to future margin improvement.

Acquisitions

Fallbrook — In September 2012, we entered into a strategic alliance with Fallbrook. In connection with this transaction, we obtained an exclusive license to Fallbrook's CVP technology, allowing Dana to engineer, produce and sell driveline products using this technology for passenger and certain off-highway vehicles in the end markets that Dana serves. As part of this alliance, Fallbrook is providing Dana with development and other support through an engineering services agreement and several Fallbrook engineers have been hired by Dana. Under the exclusive license agreement, Dana paid Fallbrook \$20 for the markets licensed to Dana.

Divestitures

Divestiture of Leisure and All-Terrain Business — We completed the divestiture of our axle, differential and brake systems business serving the leisure, all-terrain and utility vehicle markets in August 2012. The total proceeds received of \$8 approximated the net assets of the business following an asset impairment charge of \$2 recorded in the first quarter of 2012. Sales of the divested business approximated \$32 in 2012 through the date of the divestiture.

Divestiture of Structural Products Business — In 2010, we completed the sale of substantially all of the assets of our Structural Products business to Metalsa S.A. de C.V. (Metalsa). We had received cash proceeds of \$134 by the end of 2011, excluding amounts related to working capital adjustments and tooling. An additional \$10 remained as a receivable and was supported by funds held in escrow. Those funds were to be released to Dana by June 2012; however, the buyer presented claims to the escrow agent seeking indemnification from Dana. The escrow agent was precluded from releasing the funds held in escrow until Dana and the buyer resolved the issues underlying the claims. The parties reached a final agreement on the remaining issues in May 2014, resulting in the receipt of \$9 from the escrow agent and a charge of \$1 to other expense within discontinued operations. The Structural Products business that we retained generated sales of \$34 in 2012 through the August cessation date. Prior to the third quarter of 2012, Structural Products was reported as an operating segment of continuing operations. With the cessation of operations in the third quarter of 2012, the activities relating to the Structural Products operation are now reported as discontinued

operations.

Segments

We manage our operations globally through four operating segments. Our Light Vehicle and Power Technologies segments primarily support light vehicle original equipment manufacturers (OEMs) with products for light trucks, SUVs, CUVs, vans and passenger cars. The Commercial Vehicle segment supports the OEMs of on-highway commercial vehicles (primarily trucks and buses), while our Off-Highway segment supports OEMs of off-highway vehicles (primarily wheeled vehicles used in construction, mining and agricultural applications).

Trends in Our Markets

Global Vehicle Production

(Units in thousands)	Dana 2015 Outlook		Actual 2014	2013	2012
North America					
Light Truck (Full Frame)	3,750	to 3,850	3,820	3,632	3,464
Light Vehicle Engines	15,100	to 15,500	14,972	14,233	13,805
Medium Truck (Classes 5-7)	205	to 225	219	201	188
Heavy Truck (Class 8)	300	to 320	298	245	279
Agricultural Equipment	60	to 65	64	75	75
Construction/Mining Equipment	155	to 165	158	157	163
Europe (including Eastern Europe)					
Light Truck	7,600	to 7,900	7,736	7,276	6,905
Light Vehicle Engines	21,500	to 22,500	21,524	20,836	20,426
Medium/Heavy Truck	400	to 420	400	400	400
Agricultural Equipment	205	to 215	220	244	255
Construction/Mining Equipment	300	to 310	301	298	322
South America					
Light Truck	1,150	to 1,250	1,146	1,302	1,219
Light Vehicle Engines	3,100	to 3,300	3,190	3,775	3,644
Medium/Heavy Truck	150	to 160	160	218	172
Agricultural Equipment	40	to 45	43	54	48
Construction/Mining Equipment	15	to 20	17	20	19
Asia-Pacific					
Light Truck	22,300	to 23,300	22,187	20,515	18,672
Light Vehicle Engines	48,000	to 49,000	46,426	45,213	42,857
Medium/Heavy Truck	1,500	to 1,600	1,555	1,522	1,492
Agricultural Equipment	710	to 725	710	788	750
Construction/Mining Equipment	500	to 525	509	555	614

North America

Light vehicle markets — Improving economic conditions during the past three years have contributed to increased light vehicle sales and production levels in North America. Release of built-up demand to replace older vehicles, greater availability of credit, stronger consumer confidence and other factors have combined to stimulate new vehicle sales. Light vehicle sales in 2014 increased about 6% from 2013, with sales that year being up 7% from 2012. Many of our programs are focused in the full frame light truck segment. Sales in this segment were especially strong the past two years, being up about 8% in each of 2014 and 2013. Light vehicle production levels were reflective of the stronger vehicle sales. Production of approximately 17 million light vehicles in 2014 was 5% higher than in 2013, matching the 5% higher production in 2013 over 2012. Light vehicle engine production was similarly higher, up 5% in 2014 and 3% in 2013. In the key full frame light truck segment, production levels increased about 5% in both 2014 and 2013. Days' supply of total light vehicles in the U.S. at the end of December 2014 was around 61 days, down slightly from 64 days at the end of 2013 and up slightly from 58 days at the end of 2012. In the full frame light truck segment, an inventory level of 63 days at the end of 2014, compares favorably with 67 days at the end of 2013 and 65 days at the end of 2012.

Looking ahead to 2015, we expect the North American markets will continue to be relatively strong. Reduced unemployment levels and continued high consumer confidence are expected to provide a favorable economic climate, with low fuel prices at the outset of 2015 also providing an additional stimulus. Our current outlook for 2015 light vehicle engine production is 15.1 to 15.5 million units, a 1 to 4% increase over 2014, with full frame light truck production expected to be about the same as in 2014.

Medium/heavy vehicle markets — As with the light vehicle market, the commercial vehicle segment benefited from an improving North America economy, leading to increased medium duty Classes 5-7 truck production the past three years. After increasing 7% in 2013, medium duty production increased another 9% in 2014. In the Class 8 segment, after increasing 9% in

2012, production of about 245,000 units in 2013 declined 12%. Class 8 order levels were rather sluggish during the second half of 2013 as truck buyers were cautious about the overall strength of the economy and opted to hold off on replacing existing vehicles. As confidence in a sustained stronger economy developed during the latter part of 2013 and into 2014, Class 8 order levels began increasing, with 2014 production coming in around 298,000 units – an increase of about 22% over 2013.

Similar to the light vehicle market, we expect a continued strong economic climate to persist in North America throughout 2015 resulting in relatively stable year-over-year medium and heavy duty commercial vehicle production. At present, we expect Class 8 production in the region to increase by 1 to 7% and medium duty production to range from a decline of 6% to an increase of 3%.

Markets Outside of North America

Light vehicle markets — Signs of an improved overall European economy have been evident, albeit mixed at times, during the past two years. Reflective of a modestly improved economy, light vehicle production levels have increased with light vehicle engine production being up about 3% in 2014 after increasing 2% in 2013 and light truck production being higher by 6% in 2014 after being up about 5% in 2013. We expect the current economic stability to persist in 2015 with light vehicle engine production being flat to up 5% and light truck unit build being relatively flat with 2014. The economic climate in most South America markets the past three years has been volatile and challenging. The markets rebounded some in 2013 from a relatively weak 2012, with light truck production increasing about 7% and light engine build being 4% higher. Throughout 2014, however, the economies in South America have been quite weak. As a result, light truck production was down 12% from 2013 and light vehicle engine build was 16% lower – essentially giving back the 2013 gains. Our current production outlook has light truck production in 2015 flat to up 9%, with engine build being in the range of down 3% to up 3%. However, given the uncertainty and challenge in this region, at present, we believe lower end of the range outcomes are more likely than upper end. The Asia Pacific markets have been relatively strong the past few years, principally fueled by growth in China. Light truck production was 8% stronger in 2014 after being up about 10 to 13% in each of the two preceding years. Light vehicle engine production increased 3% in 2014 from 2013, with the two preceding years having also experienced increases – up more than 5% in both 2013 and 2012. We expect to see continued growth in 2015, with year-over-year light truck production being up 1 to 5% and light vehicle engine production being higher by about 3 to 6%.

Medium/heavy vehicle markets — Some of the same factors referenced above that affected light vehicle markets outside of North America similarly affected the medium/heavy markets. Whereas some modest improvement was reflected in light vehicle production levels in 2013 and 2014, the medium/heavy truck markets continued at comparable levels. We expect that it will take additional time before the improving Europe market conditions impact this sector. As such, we expect relatively comparable to 5% higher year-over-year medium/heavy truck production levels there in 2015. South America medium/heavy truck production levels were down more than 20% in 2012 due largely to overall economic weakness in the region and a pull-back in purchases caused by engine emissions changes in Brazil. With the pent up demand from the Brazil emissions changes stimulating 2013 truck purchases, South America production in 2013 rebounded and was up about 27% from 2012. The weak economic climate in 2014 in the region, however, led to medium/heavy truck production declining more than 25% in 2014. Our outlook for South America for 2015 anticipates persistent economic weakness in the region, with medium/heavy truck production likely to be slightly lower to flat compared to the previous year. Asia Pacific medium/heavy truck production levels in 2012 and early 2013 were still restrained from the effects of natural disasters that significantly impacted the region in 2011, along with a sluggish 2012 commercial vehicle market in China. Production has strengthened some the past two years, being up about 2% in each of 2013 and 2014. We expect stable economic conditions in this region in 2015, with medium/heavy truck production being down 4% to up 3% compared with 2014.

Off-Highway Markets — Our off-highway business has a large presence outside of North America, with more than 75% of its sales coming from Europe and about 10% from South America and Asia Pacific combined. We serve several segments of the diverse off-highway market, including construction, agriculture, mining and material handling. Our largest markets are the construction/mining and agricultural equipment segments. After experiencing increased global demand in 2011 and 2012, these markets have weakened in 2013 and 2014. Global demand in the agriculture market was up about 3% in 2013, but down 11% in 2014. The construction/mining segment weakened in both 2013 and 2014, with 2013 demand down about 8% from 2012 and 2014 demand down 4% from 2013. Both markets are expected to remain weak in 2015, with demand levels comparable to those in 2014.

Operations in Venezuela

The current operating, political and economic environment in Venezuela is very challenging. Foreign exchange controls are restricting the ability of companies operating in the country to import required parts and material and satisfy their U.S. dollar obligations. Our production activities were curtailed for most of 2014 as our major original equipment customers suspended

production and only recently began bringing some production back on line in this year's third quarter. Our sales in Venezuela during 2014 approximated \$110 as compared to \$170 in 2013.

As more fully described in Note 1 to our consolidated financial statements in Item 8, developments within the parallel Complementary System of Foreign Currency Administration (SICAD) and SICAD 2 foreign exchange markets and uncertainty surrounding future use of the official exchange rate to transact business resulted in our decision to begin using the SICAD rate rather than the official exchange rate at March 31, 2014 to translate the financial statements of our subsidiaries in Venezuela into U.S. dollars. Prior to March 31, 2014, we had used the official exchange rate of 6.3 bolivars per U.S. dollar. Use of the 10.7 bolivars per U.S. dollar SICAD rate for translation at March 31, 2014 resulted in a charge of \$17 that was recognized in first quarter 2014 other income, net. Since March 31, 2014, the SICAD rate has increased to 12.0 bolivars per U.S. dollar at December 31, 2014, resulting in additional translation losses of \$3. In this year's third quarter, the Venezuela government granted authorization to companies in the automotive and automotive parts industry to access the SICAD market to purchase U.S. dollars. Accordingly, we began accessing the SICAD market in the third quarter to obtain U.S. dollars which were used to purchase materials supporting limited resumption of production.

During 2014, the National Center of Foreign Commerce (CENCOEX) approved \$20 of our submitted requests to satisfy U.S. dollar-denominated obligations with bolivars at the official exchange rate of 6.3. We recognized foreign exchange gains of \$8 in other income, net on these transactions as such bolivars had been valued at the higher SICAD rate. The proceeds from these currency exchanges were used to reduce U.S. dollar-denominated liabilities of our operations in Venezuela.

Subsequent to March 31, 2014, to satisfy applicable Venezuela import/export and foreign exchange requirements, our operations in Venezuela collected U.S. dollar-denominated intercompany receivables and exchanged the proceeds thereon, net of expenses, for bolivars in the SICAD 2 market at an average rate of 49.9 bolivars per U.S. dollar. Upon translation of the bolivars at the SICAD rate, we recognized currency transaction gains of \$15 in other income, net. In addition, our operations in Venezuela purchased U.S. dollars in the SICAD 2 market to settle certain obligations and recognized currency transaction losses of \$1 in other income, net.

In December 2014, we entered into an agreement to divest our operations in Venezuela (the disposal group) for no consideration to an unaffiliated company. We completed the divestiture in January 2015. In connection with the divestiture, we entered into a supply and technology agreement whereby Dana will supply product and technology to the operations at competitive market prices. Dana has no obligations to otherwise provide support to the operations. The disposal group was classified as held for sale at December 31, 2014, and we recognized a net charge of \$77 – an \$80 loss to adjust the carrying value of the net assets to fair value less cost to sell, with a reduction of \$3 for the noncontrolling interest share of the loss. These assets and liabilities are presented as held for sale on our balance sheet as of December 31, 2014. See Note 2 to our consolidated financial statements in Item 8 for additional information. With the completion of the sale in January 2015, Dana has no remaining investment in Venezuela.

Commodity Costs

The cost of our products may be significantly impacted by changes in raw material commodity prices, the most important to us being those of various grades of steel, aluminum, copper and brass. The effects of changes in commodity prices are reflected directly in our purchases of commodities and indirectly through our purchases of products such as castings, forgings, bearings and component parts that include commodities. Most of our major customer agreements have provisions which allow us to pass the effects of significant commodity price changes through to those customers. Where such formal agreements are not present, we have historically been successful implementing price adjustments that largely compensate for the inflationary impact of material costs. Material cost changes will customarily have some impact on our financial results as contractual recoveries and inflation-based

pricing adjustments typically lag the cost increases.

Higher commodity prices increased our costs by approximately \$35 in 2014, \$20 in 2013 and \$50 in 2012, while material recovery and other pricing actions increased sales by about \$65 in 2014, \$30 in 2013 and \$110 in 2012.

Sales, Earnings and Cash Flow Outlook

	2015 Outlook	2014	2013	2012
Sales	\$6,400 - \$6,500	\$6,617	\$6,769	\$7,224
Adjusted EBITDA	\$740 - \$760	\$746	\$745	\$781
Free Cash Flow	\$190 - \$220	\$276	\$368	\$175

Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures. See the Non-GAAP Financial Measures discussion below for definitions of our non-GAAP financial measures and reconciliations to the most directly comparable GAAP measures.

During the past three years, we experienced uneven end user markets, with some being relatively strong and others somewhat weak, and the conditions across the regions of the world differing quite dramatically. Considering our end markets and regional economies, on balance, the effect of market volumes on our sales has been relatively stable. Weaker international currencies relative to the U.S. dollar during the past three years were the most significant factor reducing our reported sales, while scheduled light vehicle program roll-offs in 2012 also contributed to the decrease. For 2015, our sales will be reduced in part by the divestiture of our operations in Venezuela in January 2015. We also expect additional weakening of international currencies to adversely impact our sales. A slight increase from higher market volumes across our businesses and a larger contribution from new business programs launching in 2015 are expected to partially offset the Venezuela divestiture impact and currency headwind.

Throughout the past three years, we placed significant focus on margin improvement through right sizing and rationalizing our manufacturing operations, implementing other cost reduction initiatives and ensuring that customer programs were competitively priced. In combination with an improved and relatively stable global economic environment, these efforts were the primary drivers of our improved Adjusted EBITDA margin as a percent of sales. With a continued focus on cost and new business coming on at competitive rates, we expect to see continued margin improvement in 2015. Further margin improvement following 2015 is anticipated as we benefit from expected increases in market volumes.

Free cash flow generation has been strong the past three years as we benefited from strong earnings and closely managed working capital and capital spend requirements. Free cash flow in 2012 included a \$150 voluntary contribution to our U.S. pension plans, while 2013 free cash flow benefited, in part, from reduced inventory levels and the receipt of \$28 of interest relating to a callable payment-in-kind note receivable. With the sale of this note in 2014, free cash flow benefited from the additional receipt of \$40 of interest. Lower pension contributions, restructuring payments and cash taxes also benefited free cash flow in 2014, while increased new program launches resulted in higher capital spending. With our lower sales outlook for 2015 and additional capital spending on program launches, we expect free cash in 2015 to be in the range of \$190 to \$220. With the second half of 2015 expected to be stronger than 2014, we expect higher sales will require some increase in working capital. The increased level of program launches in 2015 is expected to drive overall capital spend of \$300 to \$320, which is up about \$65 to \$85 from 2014. Net interest will consume cash of around \$90, while cash taxes of about \$95 and restructuring expenditures of about \$20 will be down from 2014 levels. Pension contributions are expected to again be relatively low at around \$15 as we do not expect to make additional contributions to our U.S. plans in 2015 based on their present funding levels.

Among our Operational and Strategic Initiatives are increased focus on and investment in product technology – delivering products and technology that are key to bringing solutions to issues of paramount importance to our customers. This, more than anything, is what will position us for profitable future growth. Our success on this front is measured, in part, by our sales backlog which is net new business that we have received that will be launching in the future and adding to our base annual sales. At December 31, 2014, our sales backlog of net new business for the 2015

through 2017 period was \$730. This current backlog compares to a three-year sales backlog at the end of 2013 that approximated \$560 – an increase of 30%. The higher returns associated with this new business are expected to help drive increased future Adjusted EBITDA margins.

Consolidated Results of Operations

Summary Consolidated Results of Operations (2014 versus 2013)

	2014		2013		Increase/ (Decrease)
	Dollars	% of Net Sales	Dollars	% of Net Sales	
Net sales	\$6,617		\$6,769		\$(152)
Cost of sales	5,672	85.7	% 5,849	86.4	% (177)
Gross margin	945	14.3	% 920	13.6	% 25
Selling, general and administrative expenses	411	6.2	% 410	6.1	% 1
Amortization of intangibles	42		74		(32)
Restructuring charges, net	21		24		(3)
Loss on disposal group held for sale	(80)				(80)
Pension settlement charges	(42)				(42)
Loss on extinguishment of debt	(19)				(19)
Other income, net	48		55		(7)
Income from continuing operations before interest expense and income taxes	378		467		(89)
Interest expense	118		99		19
Income from continuing operations before income taxes	260		368		(108)
Income tax expense (benefit)	(70)		119		(189)
Equity in earnings of affiliates	13		12		1
Income from continuing operations	343		261		82
Loss from discontinued operations	(15)		(1)		(14)
Net income	328		260		68
Less: Noncontrolling interests net income	9		16		(7)
Net income attributable to the parent company	\$319		\$244		\$75

Sales — The following table shows changes in our sales by geographic region.

	2014	2013	Increase/ (Decrease)	Amount of Change Due To	
				Currency Effects	Organic Change
North America	\$3,126	\$2,958	\$168	\$(15)	\$183
Europe	1,978	1,994	(16)	3	(19)
South America	771	983	(212)	(170)	(42)
Asia Pacific	742	834	(92)	(31)	(61)
Total	\$6,617	\$6,769	\$(152)	\$(213)	\$61

Sales for 2014 declined \$152 or 2% from 2013, with the primary driver being weaker international currencies. After adjusting to exclude currency effects, sales increased \$61. Sales benefited by \$65 from cost recovery pricing, while overall market volume and mix reduced sales by \$4. Stronger sales volume in North America and Europe was more than offset by weaker demand in our global Off-Highway business and the South America medium/heavy truck market.

The 2014 sales increase of 6% in North America was driven primarily by stronger production levels in the light vehicle and medium/heavy vehicle markets. Light vehicle engine builds and full frame light truck production were up about 5% and combined medium/heavy truck production was higher by about 16%. Partially offsetting these stronger volumes was lower demand in the off-highway markets.

Our sales in Europe in 2014 were generally flat with 2013, with currency movements having a nominal impact. Our Off-Highway segment has a significant European presence. The weaker demand in the markets served by this segment contributed to reduced sales of around \$60. Largely offsetting the weaker off-highway demand were stronger production levels in the light vehicle market where light engine build was up 3% and light truck production was higher by about 6%. Our sales in Europe in 2014 also benefited from new Light Vehicle programs coming on line during the year.

South America sales in 2014 were significantly reduced by currency effects from a weaker Brazilian real and Argentine peso along with devaluation of the Venezuelan bolivar. Adjusted for currency effects, 2014 sales in South America were down \$42 or about 4%. Production levels were down in our light and commercial vehicle end markets – light truck production off 12%, light vehicle engine build down about 16% and medium/heavy truck production lower by more than 25%. Partially offsetting the effects of lower demand levels was cost recovery pricing for material and other cost inflation.

Asia Pacific sales were 11% lower than in 2013. Adverse currency effects resulted principally from a weakening of the Indian rupee, Thai baht, Australian dollar and Japanese yen. The organic sales reduction of 7% is primarily due to comparatively weaker economic environments in India and Thailand, along with reduced demand on a scheduled light vehicle program roll-off in Australia.

Cost of sales and gross margin — Cost of sales for 2014 was 3% lower than in 2013, with cost of sales as a percent of sales of 85.7% lower than the 86.4% realized in 2013. The reduction in cost is consistent with the decline in sales, due principally to weaker international currencies and slightly lower overall net sales volume. Cost of sales in 2014 was increased by higher material commodity costs of about \$35, higher warranty expense of \$14 and inflationary increases on other costs, principally in our South America and South Africa markets. More than offsetting these increases were the effects of continued supplier rationalization and engineering design actions, which contributed to material cost reductions of approximately \$66, and reduced depreciation and amortization expense of \$20.

Gross margin in 2014 of \$945, which excludes pension settlement charges, increased \$25 from 2013, representing 14.3% of sales – 70 basis points higher than last year's gross margin percentage of 13.6%. The gross margin improvement was attributable to the reduced cost of sales as a percent of sales discussed in the preceding paragraph.

Selling, general and administrative expenses (SG&A) — SG&A expenses in 2014 were \$411 (6.2% of sales) as compared to \$410 (6.1% of sales) in 2013. Salary and benefits expense in 2014 was approximately \$7 less than in 2013, nearly offsetting an increase of \$8 in selling expense and other discretionary spending.

Restructuring charges — Restructuring charges of \$21 in 2014 primarily represent the impact of headcount reduction initiatives in our Commercial Vehicle and Light Vehicle businesses in South America and Europe, including the closure of our Commercial Vehicle foundry in Argentina and other severance and exit costs associated with previously announced initiatives. Restructuring charges of \$24 in 2013 include the impact of headcount reduction initiatives, primarily in our Light Vehicle and Commercial Vehicle businesses in Argentina and Australia as well as in our Off-Highway business in Europe. Restructuring charges in 2013 also include severance and exit costs associated with previously announced initiatives, offset in part by a \$10 reversal of previously accrued obligations. New customer programs and other developments in our Light Vehicle and Power Technologies businesses in North America and a decision by our Off-Highway business in Europe to in-source the manufacturing of certain parts were the primary factors leading to the reversal of previously accrued severance obligations.

Loss on disposal group held for sale — During the fourth quarter of 2014, we entered into an agreement to sell our operations in Venezuela. We completed the sale in January 2015. The divested business was determined to be held for sale at December 31, 2014, resulting in the recognition of a loss of \$80 to reduce the assets and liabilities of this

business to their fair value less cost to sell. Reference is made to Operations in Venezuela in this Item 7 and to Note 2 of the consolidated financial statements in Item 8 for additional disclosures regarding this transaction.

Pension settlement charges — We completed two actions in the fourth quarter of 2014 that reduced our pension plan obligations. Lump sum payments to deferred vested salaried participants in our U.S. pension plans under a voluntary program resulted in a settlement charge of \$36, while completion of a wind-up of certain Canadian pension plans resulted in a charge of \$6. See Note 11 of the consolidated financial statements in Item 8 for additional discussion of these two actions.

Loss on extinguishment of debt — In connection with a refinancing of long-term debt obligations in the fourth quarter of 2014, we recognized expense for the call premium incurred and the write-off of the unamortized financing costs associated with the extinguished obligations. See Note 13 of the consolidated financial statements in Item 8 for additional disclosure surrounding this debt refinancing.

Other income, net — The following table shows the major components of other income, net.

	2014	2013
Interest income	\$15	\$25
Government grants and incentives	4	3
Foreign exchange gain (loss)	11	(5)
Strategic transaction expenses	(3)	(4)
Write-off of deferred financing costs		(4)
Gain on sale of marketable securities		9
Recognition of unrealized gain on payment-in-kind note receivable	2	5
Insurance and other recoveries	2	13
Other	17	13
Other income, net	\$48	\$55

The change in interest income in 2014 includes a reduction of \$11 attributable to a payment-in-kind note receivable being partially prepaid in 2013 and subsequently sold in January 2014. Additionally, interest income in 2013 included \$3 from a favorable legal ruling related to recovery of gross receipts taxes paid in Brazil in earlier periods. Net foreign exchange gain in 2014 resulted in large part from favorable currency movement on an intercompany loan that was fully paid in the first half of 2014. As described in Note 1 of the consolidated financial statements in Item 8, devaluation of the Venezuelan bolivar was recognized through use of the SICAD rate for translating the bolivar-denominated activities of our operations in Venezuela. Devaluation charges of \$20 in 2014 were more than offset by gains of \$22 from subsequent settlement of dollar-denominated obligations at the more favorable official exchange rate and sales of U.S. dollars at the SICAD 2 exchange rate. (See Operations in Venezuela section of this Item 7 for further discussion.) The net foreign exchange loss for 2013 included a charge of \$6 resulting from the devaluation of the Venezuelan bolivar and subsequent recoveries of \$5 on transactions existing at the date of devaluation that were subsequently settled at the former exchange rate. During 2013, we wrote off deferred financing costs of \$2 associated with our prior revolving credit facility and \$2 upon the termination of our European accounts receivable backed credit facility. The January 2014 sale and 2013 prepayment of the payment-in-kind note receivable resulted in recognition of \$2 and \$5 of an unrealized gain that arose following the valuation of the note receivable below its callable value at emergence from bankruptcy. During 2013, we received \$4 on the sale of our interest in claims pending in the liquidation proceedings of an insurer to a third party, \$7 of other asbestos-related recoveries and a \$2 insurance recovery related to business interruptions resulting from flooding in Thailand.

Interest expense — Interest expense was \$118 and \$99 in 2014 and 2013. The impact of higher average debt levels was partially offset by a lower average effective interest rate. As discussed in Note 13 to the consolidated financial statements in Item 8, we completed the sale of \$425 and \$750 in senior unsecured notes in December 2014 and July 2013, respectively, and redeemed \$345 in senior unsecured notes in December 2014. Average effective interest rates, inclusive of amortization of debt issuance costs, approximated 6.9% and 7.8% in 2014 and 2013.

Income tax expense — Income taxes of our continuing operations was a benefit of \$70 in 2014. The primary driver was a benefit of \$179 recorded for the release of a portion of our U.S. deferred tax asset valuation allowance. As discussed more fully in Note 17 to our consolidated financial statements in Item 8, the release resulted from income forecasted to be realized in 2015 in connection with certain tax planning actions expected to be completed in 2015. The \$80 charge associated with the divestiture of our operations in Venezuela provided a partial offset as the expected tax benefit was negated by an adjustment to the valuation allowance. Excluding these valuation allowance adjustments, the effective tax rate of continuing operations in 2014 was 33% as the benefit of income in certain jurisdictions outside the U.S. being taxed at lower statutory rates more than offset withholding taxes incurred in connection with the repatriation of income to the U.S. In 2013, tax expense of \$119 resulted in an effective tax rate of 32%. Adjusted for valuation allowance effects, primarily in the U.S., the effective income tax rate in 2013 was 34%. Lower statutory rates outside the U.S. were the primary contributor to the adjusted 2013 rate being less than the U.S. statutory rate.

In the U.S. and certain other countries, our recent history of operating losses does not allow us to satisfy the “more likely than not” criterion for recognition of deferred tax assets. Therefore, there is generally no income tax recognized on the pre-tax income or losses in these jurisdictions as valuation allowance adjustments offset the associated tax effects. We believe that it is reasonably possible that up to \$500 of the valuation allowance against our U.S. deferred tax assets could be released in the next twelve months. See Note 17 to our consolidated financial statements in Item 8 for additional information.

Equity in earnings of affiliates — Equity investments provided net earnings of \$13 in 2014 and \$12 in 2013. Our equity in earnings of Bendix Spicer Foundation Brake, LLC increased \$2 in 2014 to \$10 while our equity in earnings of Dongfeng Dana Axle Co., Ltd. (DDAC) decreased \$2 in 2014 to \$5.

Loss from discontinued operations — Loss from discontinued operations relates to our former Structural Products business. The loss in 2014 reflects the charges resulting from final settlement of the claims presented by the buyer of this business and the settlement of an outstanding legal matter relating to this business along with associated costs incurred during the year to achieve the settlements. See Note 2 and Note 3 to our consolidated financial statements in Item 8.

Segment Results of Operations (2014 versus 2013)

Light Vehicle

	Sales	Segment EBITDA	Segment EBITDA Margin	
2013	\$2,549	\$242	9.5	%
Volume and mix	35	8		
Performance	60	38		
Venezuelan bolivar devaluation		(11))	
Currency effects	(148)	(27))	
2014	\$2,496	\$250	10.0	%

Adverse currency effects in our Light Vehicle segment were attributable in large part to devaluation of the Venezuelan bolivar and a weaker Argentine peso, South African rand and Thai baht. Exclusive of currency effects, Light Vehicle sales for 2014 were 4% higher than in 2013. Volume and mix increased largely from stronger 2014 full frame light truck production in North America of 5% and increased light truck production in Europe of 6%, along with contributions from new program roll-outs. Partially offsetting these volume increases were lower demand levels in Thailand, India, Australia and Venezuela. Performance sales impact is primarily increased pricing to recover material, devaluation and inflationary costs in Argentina and Venezuela.

Light Vehicle segment EBITDA of \$250 was \$8 higher than in 2013, with EBITDA margin of 10.0% in 2014 increased from a margin of 9.5% in the prior year. As more fully discussed in Note 1 of the consolidated financial statements in Item 8, in the first quarter of 2014, we recorded a charge of \$17 for devaluation of the bolivar as a result of using the SICAD exchange rate rather than the official exchange rate for translating the financial results of our Venezuelan operations. Further devaluation of the SICAD rate in 2014 resulted in additional charges of \$3. Partially offsetting these devaluation effects were gains of \$8 on approved CENCOEX settlements of U.S. dollar obligations at the official exchange rate of 6.3 bolivars per dollar. The 2013 results of this segment included a first-quarter charge of \$6 for devaluation of the bolivar official exchange rate of 4.3 bolivars per U.S. dollar to 6.3. Subsequent settlement in 2013 of U.S. dollar obligations at an official rate of 4.3 provided gains of \$5. The net impacts of these devaluation-related items were net charges of \$12 in 2014 and \$1 in 2013. Adversely impacting currency effects is about \$34 for translating full year 2014 bolivar-denominated activities at the devalued SICAD rate. Partially offsetting this translation impact were gains of \$14 from 2014 sales of U.S. dollars in the SICAD 2 market at an average of 49.9 bolivars per dollar.

Increased performance-related segment EBITDA in 2014 is attributable in large part to pricing, primarily to recover inflationary cost increases of about \$45 in Argentina and Venezuela. Segment EBITDA also benefited from additional year-over-year material cost savings of \$24 and lower warranty expense of \$6. Partially offsetting these factors were increased material commodity costs of \$14 and engineering and development cost of \$10, with the remaining

difference resulting primarily from cost reduction actions.

Commercial Vehicle

	Sales	Segment EBITDA	Segment EBITDA Margin	
2013	\$1,860	\$194	10.4	%
Volume and mix	20	3		
Performance	7	(22))	
Currency effects	(49)	(3))	
2014	\$1,838	\$172	9.4	%

Reduced sales resulting from currency effects in our Commercial Vehicle segment were due primarily to a weaker Brazilian real. After adjusting for the effects of currency, sales in our Commercial Vehicle segment in 2014 were up about 2% from the previous year. Increases in Class 8 and medium truck production in North America of 22% and 9% were the primary drivers of the volume-related sales increase. This was largely offset, however, by the effects of a reduction of about 27% in medium/heavy truck production in South America where we have a significant commercial vehicle market presence.

Commercial Vehicle segment EBITDA in 2014 of \$172 was \$22 lower than in 2013, with EBITDA margin of 9.4% for 2014 being down from the 10.4% realized in 2013. Segment EBITDA in 2014 was adversely impacted by about \$11 of increased cost from supply chain inefficiencies associated with the transition to new suppliers and increased warranty expense of \$8. Material commodity cost increases affecting this business approximated \$17, with material cost savings of \$10 and net pricing improvement of \$7 providing improved EBITDA.

Off-Highway

	Sales	Segment EBITDA	Segment EBITDA Margin	
2013	\$1,330	\$163	12.3	%
Volume and mix	(101)	(10))	
Performance	2	17		
Currency effects		(1))	
2014	\$1,231	\$169	13.7	%

Sales in our Off-Highway segment were down about 7% from 2013. The reduction was due principally to lower demand levels, with global agriculture and construction/mining segment vehicle production in 2014 being down about 8%.

Off-Highway segment EBITDA of \$169 was \$6 higher than in 2013, resulting in an EBITDA margin of 13.7% in 2014 compared to 12.3% in 2013. Performance improvement was driven by material cost savings of about \$22 and pricing improvement of \$2 which more than offset a \$4 increase in warranty cost and \$3 of other cost increases.

Power Technologies

	Sales	Segment EBITDA	Segment EBITDA Margin	
2013	\$1,030	\$150	14.6	%
Volume and mix	42	11		
Performance	(4)	(3))	

Currency effects	(16	) (4)	
2014	\$1,052	\$154	14.6	%

Power Technologies primarily serves the light vehicle market, but also sells product to the medium/heavy truck and off-highway markets. Sales in 2014, net of currency effects, were up 4%. Sales volumes benefited from stronger global light vehicle engine production of 3% and increased medium/heavy truck production levels in North America.

The Power Technologies 2014 segment EBITDA of \$154 increased by \$4 from 2013. Performance-related impacts on segment EBITDA in 2014 included an increase in warranty cost of \$7, lower pricing of \$4 and increased material commodity costs of \$2. Partially offsetting these factors were material cost savings of \$9 and benefits from other cost reduction actions.

Summary Consolidated Results of Operations (2013 versus 2012)

	2013		2012		Increase/ (Decrease)
	Dollars	% of Net Sales	Dollars	% of Net Sales	(Decrease)
Net sales	\$6,769		\$7,224		\$(455)
Cost of sales	5,849	86.4	% 6,250	86.5	% (401)
Gross margin	920	13.6	% 974	13.5	% (54)
Selling, general and administrative expenses	410	6.1	% 424	5.9	% (14)
Amortization of intangibles	74		74		—
Restructuring charges, net	24		47		(23)
Other income, net	55		19		36
Income from continuing operations before interest expense and income taxes	467		448		19
Interest expense	99		84		15
Income from continuing operations before income taxes	368		364		4
Income tax expense	119		51		68
Equity in earnings of affiliates	12		2		10
Income from continuing operations	261		315		(54)
Loss from discontinued operations	(1)		—		(1)
Net income	260		315		(55)
Less: Noncontrolling interests net income	16		15		1
Net income attributable to the parent company	\$244		\$300		\$(56)

Sales — The following table shows changes in our sales by geographic region.

	2013	2012	Increase/ (Decrease)	Currency Effects	Amount of Change Due To Acquisition and Divestitures	Organic Change
North America	\$2,958	\$3,371	\$(413)	\$(1)	\$(32)	\$(380)
Europe	1,994	2,021	(27)	26		(53)
South America	983	925	58	(161)		219
Asia Pacific	834	907	(73)	(23)		(50)
Total	\$6,769	\$7,224	\$(455)	\$(159)	\$(32)	\$(264)

Sales for 2013 declined 6% from 2012. Lower market volumes, particularly in our North America medium/heavy truck market and global off-highway markets, contributed about \$141 to lower year-over-year sales. Scheduled roll-offs of certain North America light vehicle market programs also reduced sales by \$186. Currency effects and divestitures also contributed to the lower sales, with pricing actions, principally relating to material recovery and the Venezuelan bolivar devaluation, providing a partial offset of about \$63.

Most of the 2013 consolidated sales decrease occurred in North America. Scheduled roll-offs of certain light vehicle programs accounted for \$186 of the decrease. The remaining sales reduction was due primarily to a decline in

medium/heavy production levels of around 5% and lower off-highway market sales, partly due to the transfer of certain production to our Asia Pacific operations.

Excluding currency effects, our sales in Europe in 2013 were 3% lower than in 2012. The reduction was primarily driven by lower off-highway market production levels, primarily in the construction and mining segments, in the region as well as in other regions where we export. Partially offsetting lower volumes were increased sales from new Light Vehicle programs coming on line in 2013.

South America sales in 2013 were significantly impacted by a weaker Brazilian real and the devaluation of the Venezuelan bolivar. Adjusted for currency effects, 2013 sales were up about 24%. Growth in medium/heavy truck production of about 28%, an increase in light vehicle production of around 4% and the inflationary or devaluation related pricing recovery were the principal drivers of the organic increase in sales.

Asia Pacific sales were 8% lower than in 2012. Adverse currency effects resulted principally from a weakening of the Indian rupee and Japanese yen, partially offset by a stronger Chinese yuan. Declining economic conditions in India and Thailand contributed to this region's reduced sales, partially offset by stronger market volume in China.

Cost of sales and gross margin — Cost of sales for 2013 was 6% lower than in 2012, with cost of sales as a percent of sales of 86.4% being comparable with the 86.5% incurred in 2012. The reduction in cost is consistent with the decline in sales, due principally to weaker international currencies, scheduled light vehicle program roll-offs and lower production levels. Through continued supplier rationalization and engineering design actions, we achieved material cost reductions of approximately \$70, which more than offset an increase in commodity costs of about \$20. During the fourth quarter of 2013, we ceased production at our foundry in Argentina. In connection therewith, we recognized \$8 of accelerated depreciation expense to adjust the foundry assets to their expected recoverable value. The additional depreciation expense, increased engineering and product development expense, and other inflationary increases largely offset the material cost savings.

Gross margin of \$920 in 2013 decreased \$54 from 2012, representing 13.6% of sales – slightly better than last year's gross margin percentage of 13.5%. Material cost savings offset the margin reduction attributable to the effect of lower sales volumes, inflationary increases and other costs of sales increases discussed in the preceding paragraph.

Selling, general and administrative expenses (SG&A) — SG&A expenses in 2013 were \$410 (6.1% of sales) as compared to \$424 (5.9% of sales) in 2012. Salary and benefits expense in 2013 was approximately \$5 less than in 2012, with the remaining \$9 reduction coming from selling expense and other discretionary spending.

Restructuring charges, net — Restructuring charges of \$24 in 2013 primarily represent the impact of headcount reduction initiatives, primarily in our Light Vehicle and Commercial Vehicle businesses in Argentina and Australia as well as in our Off-Highway business in Europe. Total restructuring charges also include severance and exit costs associated with previously announced initiatives, offset in part by a \$10 reversal of previously accrued obligations. New customer programs and other developments in our North American Light Vehicle and Power Technologies businesses and a decision by our European Off-Highway business to in-source the manufacturing of certain parts were the primary factors leading to the reversal of previously accrued severance obligations. Restructuring charges of \$47 in 2012 related to work force reduction actions in certain of our South American manufacturing operations and the realignment of certain of our North American regional operations. Restructuring charges in 2012 also included severance and exit costs relating to previously announced actions, including a charge of \$11 to accrue the estimated fair value of the remaining lease obligation associated with exiting our Kalamazoo, Michigan facility.

Other income, net — The following table shows the major components of other income, net.

	2013	2012
Interest income	\$25	\$24
Government grants and incentives	3	8
Foreign exchange gain (loss)	(5)	(15)
Strategic transaction expenses	(4)	(10)
Write-off of deferred financing costs	(4))
Gain on sale of marketable securities	9	
Recognition of unrealized gain on payment-in-kind note receivable	5	
Insurance and other recoveries	13	2

Impairment of long-lived assets		(2)
Other	13	12	
Other income, net	\$55	\$19	

Interest income in 2013 includes \$3 from a favorable legal ruling related to recovery of gross receipts taxes paid in Brazil in earlier periods and higher interest earned on cash deposits, partially offset by \$4 of lower interest earned on a payment-in-kind note receivable as a result of a prepayment received on the note during the second quarter of 2013. The net foreign exchange loss for 2013 includes a charge of \$6 resulting from the devaluation of the Venezuelan bolivar and subsequent recoveries of \$5 as the Venezuelan government allowed certain transactions existing at the date of devaluation to be settled at

the former exchange rate. Strategic transaction expenses were higher during 2012 in part due to costs associated with entering into the strategic alliance with Fallbrook. During 2013 we wrote off deferred financing costs of \$2 associated with our prior revolving credit facility and \$2 upon the termination of our European accounts receivable backed credit facility. During 2013, we received a payment on a payment-in-kind note receivable which resulted in the recognition of \$5 of an unrealized gain that resulted from the valuation of the note receivable below its callable value at emergence from bankruptcy. During 2013 we received \$4 on the sale of our interest in claims pending in the liquidation proceedings of an insurer to a third party, \$7 of other asbestos-related recoveries and a \$2 insurance recovery related to business interruptions resulting from flooding in Thailand.

Interest expense — Interest expense was \$99 and \$84 in 2013 and 2012. The impact of higher average debt levels was partially offset by a lower average effective interest rate. As discussed in Note 13 to the consolidated financial statements in Item 8, we completed the sale of \$750 in senior unsecured notes in July 2013. Average effective interest rates, inclusive of amortization of debt issuance costs, approximated 7.8% and 8.2% in 2013 and 2012.

Income tax expense — Income tax expense of our continuing operations was \$119 and \$51 in 2013 and 2012. The effective income tax rate varies from the U.S. federal statutory rate of 35% due to valuation allowances in several countries, nondeductible expenses, different statutory rates outside the U.S. and withholding taxes, as discussed in Note 17 to the consolidated financial statements in Item 8. In 2012, tax expense benefited by \$54 from the release of valuation allowances in Canada and the U.K. Adjusted for valuation allowance effects, the effective income tax rate in 2013 was 34% as compared to 31% in 2012. The increase in 2013 was due in part to increased withholding tax on repatriated earnings and an increased provision for uncertain tax positions.

In the U.S. and certain other countries, our recent history of operating losses does not allow us to satisfy the “more likely than not” criterion for recognition of deferred tax assets. Therefore, there is generally no income tax recognized on the pre-tax income or losses in these jurisdictions as valuation allowance adjustments offset the associated tax effects. We believe that it is reasonably possible that up to \$700 of the valuation allowances against our U.S. deferred tax assets could be released in the next twelve months.

Equity in earnings of affiliates — Equity investments provided net earnings of \$12 and \$2 in 2013 and 2012. Our equity in earnings of DDAC was up \$8 from 2012, primarily due to increased demand in China's commercial vehicle market.

Loss from discontinued operations — Loss from discontinued operations relates to our Structural Products business. See Note 3 to our consolidated financial statements in Item 8.

Segment Results of Operations (2013 versus 2012)

Light Vehicle

	Sales	Segment EBITDA	Segment EBITDA Margin	
2012	\$2,743	\$263	9.6	%
Volume and mix	49	7		
Program roll offs	(186)	(13)		
Performance	70	(2)		
Currency effects	(127)	(13)		
2013	\$2,549	\$242	9.5	%

Adverse currency effects in our Light Vehicle segment were attributable in large part to devaluation of the Venezuelan bolivar and a weaker Argentine peso. Scheduled roll-off of certain vehicle programs additionally reduced 2013 sales

by \$186. Exclusive of currency effects and program roll-offs, Light Vehicle sales for 2012 were 4% higher than in 2011. A number of factors contributed to this increase, including stronger light truck production, new customer programs and increased pricing, principally to recover material, devaluation and inflationary costs.

Light Vehicle segment EBITDA of \$242 was \$21 lower than in 2012, with 2013 EBITDA margin of 9.5% comparable to the previous year's margin of 9.6%. The devaluation of the Venezuelan bolivar adversely affected our Light Vehicle performance in 2013 by about \$16. In the first quarter of 2013, we recorded a cost of \$11 for the February 2013 bolivar devaluation, which included a charge of \$6 for the rate adjustment of bolivar-denominated net financial assets at the date of devaluation and \$5 of increased post-devaluation operational cost. Translating full year 2013 bolivar-denominated activities at the devalued rate reduced EBITDA by about \$38. Pricing actions to mitigate this adverse devaluation effect contributed

recovery of about \$28, with currency gains of \$5 from settlement of transactions at the pre-devaluation rate providing additional recovery. Program roll-offs reduced EBITDA by \$13. Partially offsetting these adverse effects were \$20 of material cost savings and \$7 of EBITDA benefit associated with higher sales volume on continuing programs. Pricing and material recovery actions largely covered commodity and inflation-related cost increases.

Commercial Vehicle

	Sales	Segment EBITDA	Segment EBITDA Margin	
2012	\$1,960	\$199	10.2	%
Volume and mix	(40)	(9)		
Performance	(9)	2		
Currency effects	(51)	2		
2013	\$1,860	\$194	10.4	%

Reduced sales from currency effects in our Commercial Vehicle segment were due primarily to a weaker Brazilian real. After adjusting for the effects of currency, 2013 sales in our Commercial Vehicle segment were down about 3% from 2012. Lower Class 8 truck production in North America of 12% was the primary driver of the currency-adjusted sales reduction, partially offset by growth in medium/heavy truck production of about 28% in South America.

Commercial Vehicle segment EBITDA in 2013 of \$194 was \$5 lower than in 2012, with EBITDA margin of 10.4% for 2013 being slightly better than the margin of 10.2% in 2012. Lower sales volumes reduced EBITDA by about \$9. Material cost savings of \$23 was partially offset by lower material recoveries from customers of \$9 and an increase in operating costs of \$12, due in part to costs associated with the wind down of our foundry operation in Argentina.

Off-Highway

	Sales	Segment EBITDA	Segment EBITDA Margin	
2012	\$1,509	\$189	12.5	%
Volume and mix	(179)	(54)		
Divestiture	(32)			
Performance	5	27		
Currency effects	27	1		
2013	\$1,330	\$163	12.3	%

Sales, net of currency effects, in our Off-Highway segment were down about 14% from 2012. Sales in 2012 included \$32 related to a leisure and all-terrain business that was divested in 2012 and about \$50 that was in-sourced in 2013 by one of our customers. The remaining reduction was due principally to lower original equipment and aftermarket mining demand.

Off-Highway segment EBITDA of \$163 was \$26 lower than in 2012, resulting in EBITDA margins of 12.3% in 2013 compared to 12.5% in 2012. Lower overall sales volume which reduced EBITDA by \$54 was partially offset by material cost savings of about \$18, a reduction in warranty cost of \$6 and pricing actions of \$5.

Power Technologies

Sales	Segment EBITDA	Segment EBITDA Margin
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2012	\$1,012	\$137	13.5	%
Volume and mix	30	9		
Performance	(4) 6		
Currency effects	(8) (2)	
2013	\$1,030	\$150	14.6	%

Power Technologies primarily serves the light vehicle market, but also sells product to the medium/heavy truck and off-highway markets. Sales in 2013, net of currency effects, were up 3% reflecting stronger global light engine production demand.

Segment EBITDA of \$150 increased by \$13 from 2012, improving EBITDA margin to 14.6% in 2013 as compared to 13.5% in 2012. Higher sales volumes benefited EBITDA by about \$9 and material cost savings contributed another \$9. Pricing actions and other items provided a partial offset.

Non-GAAP Financial Measures

Adjusted EBITDA

We have defined adjusted EBITDA as earnings from continuing and discontinued operations before interest, taxes, depreciation, amortization, equity grant expense, restructuring expense and other nonrecurring items (gain/loss on debt extinguishment, pension settlements or divestitures, impairment, etc.). Adjusted EBITDA is a primary driver of cash flows from operations and a measure of our ability to maintain and continue to invest in our operations and provide shareholder returns. Adjusted EBITDA should not be considered a substitute for income before income taxes, net income or other results reported in accordance with GAAP. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

The following table provides a reconciliation of segment EBITDA and adjusted EBITDA to net income.

	2014	2013	2012
Segment EBITDA			
Light Vehicle	\$250	\$242	\$263
Commercial Vehicle	172	194	199
Off-Highway	169	163	189
Power Technologies	154	150	137
Total Segment EBITDA	745	749	788
Corporate expense and other items, net	1	(2)	(11)
Structures EBITDA		(2)	4
Adjusted EBITDA	746	745	781
Depreciation and amortization	(213)	(262)	(275)
Restructuring	(21)	(24)	(47)
Interest expense, net	(103)	(74)	(60)
Structures EBITDA		2	(4)
Other*	(149)	(19)	(31)
Income from continuing operations before income taxes	260	368	364
Income tax expense (benefit)	(70)	119	51
Equity in earnings of affiliates	13	12	2
Income from continuing operations	343	261	315
Loss from discontinued operations	(15)	(1)	—
Net income	\$328	\$260	\$315

Other includes strategic transaction expenses, stock compensation expense, loss on disposal group held for sale, pension settlement charges, loss on extinguishment of debt, write-off of deferred financing costs, recognition of unrealized gain on payment-in-kind note receivable, and other items. See Note 19 to our consolidated financial statements in Item 8 for additional details.

Free Cash Flow

We have defined free cash flow as cash provided by operating activities less purchases of property, plant and equipment. We believe this measure is useful to investors in evaluating the operational cash flow of the company inclusive of the spending required to maintain the operations. Free cash flow is neither intended to represent nor be an alternative to the measure of net cash provided by operating activities reported under GAAP. Free cash flow may not be comparable to similarly titled measures reported by other companies.

The following table reconciles free cash flow to net cash flows provided by operating activities.

	2014	2013	2012
Net cash provided by operating activities	\$510	\$577	\$339
Purchases of property, plant and equipment	(234)	(209)	(164)
Free cash flow	\$276	\$368	\$175

Liquidity

Our global liquidity at December 31, 2014 was as follows:

Cash and cash equivalents			\$1,121
Less: Deposits supporting obligations			(22)
Available cash			1,099
Additional cash availability from revolving facility			303
Marketable securities			169
Total global liquidity			\$1,571

Cash deposits are maintained to provide credit enhancement for certain agreements and are reported as part of cash and cash equivalents. For most of these deposits, the cash may be withdrawn if a comparable security is provided in the form of letters of credit. Accordingly, these deposits are not considered to be restricted.

Marketable securities are included as a component of global liquidity as these investments can be readily liquidated at our discretion.

Cash and marketable securities of \$159 held by a wholly-owned subsidiary, Dana Companies, LLC, at December 31, 2014 can be transferred out of this subsidiary only if approved by its independent board member. Accordingly, accessing this component of global liquidity is uncertain.

The components of our December 31, 2014 consolidated cash balance were as follows:

	U.S.	Non-U.S.	Total
Cash and cash equivalents	\$504	\$479	\$983
Cash and cash equivalents held as deposits	2	20	22
Cash and cash equivalents held at less than wholly-owned subsidiaries	2	114	116
Consolidated cash balance	\$508	\$613	\$1,121

A portion of the non-U.S. cash and cash equivalents is utilized for working capital and other operating purposes. Several countries have local regulatory requirements that significantly restrict the ability of our operations to repatriate this cash. Beyond these restrictions, there are practical limitations on repatriation of cash from certain subsidiaries because of the resulting tax withholdings and subsidiary by-law restrictions which could limit our ability to access cash and other assets.

The principal sources of liquidity available for our future cash requirements are expected to be (i) cash flows from operations, (ii) cash and cash equivalents on hand and (iii) borrowings from our revolving facility. We believe that our overall liquidity and operating cash flow will be sufficient to meet our anticipated cash requirements for capital expenditures, working capital, debt obligations, common stock repurchases and other commitments during the next twelve months. While uncertainty surrounding the current economic environment could adversely impact our business, based on our current financial position, we believe it is unlikely that any such effects would preclude us from maintaining sufficient liquidity.

At December 31, 2014, we had no borrowings under the revolving facility but we had utilized \$44 for letters of credit. Based on our borrowing base collateral, we had availability as of that date under the revolving facility of \$303 after deducting the outstanding letters of credit.

In December 2014, we completed the sale of \$425 in senior unsecured notes. Net proceeds of the offering after transaction costs totaled \$418. Net proceeds of \$359 were used to redeem \$345 of our senior notes due February 15, 2019 (February 2019 Notes) pursuant to a tender offer at a weighted average price of 104.116%. In January 2015, net proceeds of \$41 were used to

redeem \$40 of our February 2019 Notes at a price of 103.000%. On February 13, 2015 we elected to redeem the remaining \$15 of our February 2019 Notes effective March 16, 2015 at a price equal to 103.250%.

At December 31, 2014, we were in compliance with the covenants of our financing agreements. Under the revolving facility and our senior notes, we are required to comply with certain incurrence-based covenants customary for facilities of these types. The incurrence-based covenants in the revolving facility permit us to, among other things, (i) issue foreign subsidiary indebtedness, (ii) incur general secured indebtedness and (iii) incur additional unsecured debt so long as the pro forma minimum fixed charge coverage ratio is at least 1.0:1.0. We may also make dividend payments in respect of our common stock as well as certain investments and acquisitions so long as there is (i) at least \$100 of pro forma excess borrowing availability or (ii) at least \$75 of pro forma excess borrowing availability and the pro forma minimum fixed charge coverage ratio is at least 1.0:1.0. The indentures governing our senior notes include similar incurrence-based covenants that may subject us to additional specified limitations.

Our Board of Directors approved an expansion of our existing common stock share repurchase program from \$1,000 to \$1,400 on July 30, 2014. The share repurchase program expires on December 31, 2015. During 2014, we paid \$260 to acquire 12,215,451 shares of common stock in the open market, leaving \$311 available under the program for further share repurchases. We plan to repurchase shares utilizing available excess cash either in the open market or through privately negotiated transactions. The stock repurchases are subject to prevailing market conditions and other considerations.

From time to time, depending upon market, pricing and other conditions, as well as our cash balances and liquidity, we may seek to acquire our senior notes or other indebtedness or our common stock through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as we may determine (or as may be provided for in the indentures governing the notes), for cash, securities or other consideration. There can be no assurance that we will pursue any such transactions in the future, as the pursuit of any alternative will depend upon numerous factors such as market conditions, our financial performance and the limitations applicable to such transactions under our financing and governance documents.

Cash Flow

	2014	2013	2012
Cash provided by (used for) changes in working capital	\$(39)	) \$104	\$21
Other cash provided by operations	549	473	318
Net cash provided by operating activities	510	577	339
Net cash used in investing activities	(246)	) (222)	) (161)
Net cash used in financing activities	(254)	) (150)	) (55)
Net increase in cash and cash equivalents	\$10	\$205	\$123

The table above summarizes our consolidated statement of cash flows. During 2013, we received a \$61 payment on a payment-in-kind note receivable. The payment included \$33 of principal and \$28 of interest, \$26 of which related to prior years. In January 2014, we sold the payment-in-kind note receivable to a third party for \$75. The proceeds included \$35 of principal and \$40 of interest related to prior years. The principal portion of the payment has been classified as cash provided by investing activities and the interest portion has been classified as cash provided by operating activities.

Operating activities — Exclusive of working capital, other cash provided by operations was \$549 during 2014 compared to \$473 during 2013 and \$318 during 2012. The increase during 2014 was primarily attributable to lower year-over-year pension contributions of \$41 and higher year-over-year cash received on our payment-in-kind note receivable attributed to interest of \$14. Lower cash taxes and restructuring payments in 2014 contributed an additional \$20 and \$14 to improved operating cash flows. The increase during 2013 was primarily attributable to \$40 of

contributions to the U.S. defined benefit pension plans in 2013 as compared to \$212 in 2012 and the receipt in April 2013 of \$28 of interest on a payment-in-kind note receivable, partially offset by lower operating earnings and higher cash taxes.

Working capital used cash of \$39 in 2014 versus generating cash of \$104 in 2013. Cash of \$32 was used to finance increased receivables in 2014 versus cash of \$12 generated from declining receivables in 2013. Cash of \$56 was used to fund higher inventories in 2014 versus cash of \$50 generated from lower inventory levels. Increases in accounts payable and other net liabilities provided cash of \$49 and \$42 in 2014 and 2013. Increased working capital levels at the end of 2014 were due in part to December sales in 2014 being higher than in 2013. Additionally, supplier transitions in process at the end of 2014 in our Commercial Vehicle business contributed to increased inventory levels.

Working capital generated cash of \$104 in 2013 as compared to \$21 in 2012. Cash of \$12 and \$146 was generated from declining receivables in 2013 and 2012. We also generated cash of \$50 and \$38 from lower inventory levels in 2013 and 2012. Increases in accounts payable and other net liabilities provided cash of \$42 in 2013 while decreases in accounts payable and other net liabilities used cash of \$163 in 2012.

Investing activities — As discussed above, we received proceeds in 2014 from the sale of a payment-in-kind note receivable which included \$35 of principal. During 2014, net purchases of marketable securities were primarily funded by cash receipts related to the sale of our payment-in-kind notes receivable. Also during 2014, we received \$9 that was released from escrow related to the 2010 sale of our former Structural Products business. During 2013, we paid \$8 related to our strategic alliance with Fallbrook. As discussed above, we received a payment in 2013 on a payment-in-kind note receivable which included \$33 of principal. During 2013, net purchases of marketable securities were primarily funded by cash receipts related to our payment-in-kind notes receivable. During 2012, we paid \$12 related to our strategic alliance with Fallbrook and we received proceeds of \$8 from the sale of our axle, differential and brake systems business serving the leisure, all-terrain and utility vehicle markets.

Financing activities — During 2014, we completed the sale of \$425 in senior unsecured notes and paid financing costs of \$7 related to the notes. Also during 2014, we redeemed \$345 of our February 2019 Notes at a \$15 premium. During 2013, we completed the sale of \$750 in senior unsecured notes and paid financing costs of \$14 related to the notes and \$3 to amend our revolving facility. During 2012, we increased borrowings primarily in international locations experiencing historically favorable interest rates. During 2013, we used cash of \$474 to redeem our Series A preferred stock and \$7 to purchase the noncontrolling interests in our United Kingdom subsidiaries. We used cash of \$260, \$337 and \$15 to repurchase common shares under our share repurchase program in 2014, 2013 and 2012. We used \$8, \$28 and \$31 for dividend payments to preferred stockholders in 2014, 2013 and 2012 and used \$32, \$30 and \$30 for dividend payments to common stockholders in 2014, 2013 and 2012. Distributions to noncontrolling interest totaled \$9, \$11 and \$11 in 2014, 2013 and 2012.

Contractual Obligations

We are obligated to make future cash payments in fixed amounts under various agreements. The following table summarizes our significant contractual obligations as of December 31, 2014.

Contractual Cash Obligations	Total	Payments Due by Period			
		2015	2016 - 2017	2018 - 2019	After 2019
Long-term debt ⁽¹⁾	\$1,659	\$46	\$63	\$22	\$1,528
Interest payments ⁽²⁾	736	96	186	181	273
Leases ⁽³⁾	156	35	53	25	43
Unconditional purchase obligations ⁽⁴⁾	128	125	2	1	
Pension contribution ⁽⁵⁾	13	13			
Retiree health care benefits ⁽⁶⁾	59	5	12	12	30
Uncertain income tax positions ⁽⁷⁾					
Total contractual cash obligations	\$2,751	\$320	\$316	\$241	\$1,874

Notes:

(1) Principal payments on long-term debt and capital lease obligations in place at December 31, 2014.

(2) Interest payments are based on long-term debt and capital leases in place at December 31, 2014 and the interest rates applicable to such obligations.

(3) Operating leases related to real estate, vehicles and other assets.

(4) Unconditional purchase obligations are comprised principally of commitments for procurement of fixed assets and the purchase of raw materials.

(5) This amount represents estimated 2015 minimum required contributions to our global defined benefit pension plans. We have not estimated pension contributions beyond 2015 due to the significant impact that return on plan assets and changes in discount rates might have on such amounts.

(6) This amount represents estimated payments under our non-U.S. retiree health care programs. Obligations under the non-U.S. retiree health care programs are not fixed commitments and will vary depending on various factors, including the level of participant utilization and inflation. Our estimates of the payments to be made in the future consider recent payment trends and certain of our actuarial assumptions.

(7) We are not able to reasonably estimate the timing of payments related to uncertain tax positions because the timing of settlement is uncertain. The above table does not reflect unrecognized tax benefits at December 31, 2014 of \$109. See Note 17 to our consolidated financial statements in Item 8 for additional discussion.

Preferred dividends accrued but not paid were \$4 at the end of 2013.

At December 31, 2014, we maintained cash balances of \$22 on deposit with financial institutions to support surety bonds, letters of credit and bank guarantees and to provide credit enhancements for certain lease agreements. Surety bonds enable us to self-insure our workers compensation obligations. We accrue the estimated liability for workers compensation claims, including incurred but not reported claims. Accordingly, no significant impact on our financial condition would result if the surety bonds were called.

Contingencies

For a summary of litigation and other contingencies, see Note 15 to our consolidated financial statements in Item 8. We believe that any liabilities beyond the amounts already accrued that may result from these contingencies will not have a material adverse effect on our liquidity, financial condition or results of operations.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with U.S. generally accepted accounting principles (GAAP) requires us to use estimates and make judgments and assumptions about future events that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. Considerable judgment is often involved in making these determinations. Critical estimates are those that require the most difficult, subjective or complex judgments in the preparation of the financial statements and the accompanying notes. We evaluate these estimates and judgments on a regular basis. We believe our assumptions and estimates are reasonable and appropriate. However, the use of different assumptions could result in significantly different results and actual results could differ from those estimates. The following discussion of accounting estimates is intended to supplement the Summary of Significant Accounting Policies presented as Note 1 to our consolidated financial statements in Item 8.

Income taxes — Accounting for income taxes is complex, in part because we conduct business globally and therefore file income tax returns in numerous tax jurisdictions. Significant judgment is required in determining the income tax provision, uncertain tax positions, deferred tax assets and liabilities and the valuation allowances recorded against our net deferred tax assets. A valuation allowance is provided when, in our judgment based upon available information, it is more likely than not that a portion of such deferred tax assets will not be realized. To make this assessment, we consider the historical and projected future taxable income or loss in different tax jurisdictions and we review our tax planning strategies. We have recorded valuation allowances against deferred tax assets in the U.S. and other foreign jurisdictions where realization has been determined to be uncertain. Since future financial results may differ from previous estimates, periodic adjustments to our valuation allowances may be necessary.

At December 31, 2014, we continue to carry a valuation allowance against certain deferred tax assets in the U.S. because, on a more likely than not basis, we have concluded that a significant portion of the U.S. deferred tax assets are not expected to be realized. When evaluating the continued need for this valuation allowance we consider all components of comprehensive income, and we weight the positive and negative evidence, putting greater reliance on objectively verifiable historical evidence than on projections of future profitability that are dependent on actions that have not taken place as of the assessment date. We also consider the pro forma effects on historical profitability of actions that have occurred through the year of assessment and objectively verifiable effects of material forecasted events that have a sustained effect on future profitability, as well as the effect on historical profits of nonrecurring events. These effects included items such as the lost future interest income resulting from the prepayment on and subsequent sale of the payment-in-kind callable note receivable and the additional interest expense resulting from the \$750 senior unsecured notes payable issued in July 2013. We also consider the pro forma historical and prospective effects of tax planning strategies expected to be implemented. Our 2014 assessment considered the effects of certain

tax planning actions expected to be completed in 2015. A sustained period of profitability, after giving pro forma effect to implemented actions, planned actions and nonrecurring events, along with positive expectations for future profitability are necessary for a determination that a valuation allowance should be released.

In 2015, we expect to generate taxable income associated with certain tax planning actions. The gain and related income associated with these actions are estimated to generate tax of \$179. Although the actual gain and operating income may differ from the current estimate, we concluded that they were objectively verifiable and reasonably estimated. While our U.S. operations have experienced improved profitability in recent years, our analysis of the income of the U.S. operations, as adjusted for pro forma effects of developments through 2014 and planned future actions, demonstrates historical losses as of December 31, 2014 with an uncertain forecast of near break-even results. Therefore, we have not achieved a level of sustained profitability that would, in our judgment, support a release of the valuation allowance at December 31, 2014 beyond the \$179

relating to the income previously noted. While there may be opportunity for our U.S. operations to generate profits in the future, our near-term level of profitability is uncertain. The potential long-term profitability cannot be given as much weight in our analysis given the objectively verifiable lack of sustained pro forma historical profitability and uncertainty associated with the future U.S. operations. To the extent that our operations in the U.S., after giving effect to the planned aforementioned tax actions, are profitable in 2015 and our projections of profitability beyond 2015 are sufficiently positive based upon objective and verifiable assumptions, it is reasonably possible that we could release up to \$500 of the remaining valuation allowance against our U.S. deferred tax assets in the next twelve months.

In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is less than certain. We are regularly under audit by the various applicable tax authorities. Although the outcome of tax audits is always uncertain, we believe that we have appropriate support for the positions taken on our tax returns and that our annual tax provisions include amounts sufficient to pay assessments, if any, which may be proposed by the taxing authorities. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. See additional discussion of our deferred tax assets and liabilities in Note 17 to our consolidated financial statements in Item 8.

Retiree benefits — Accounting for pensions and other postretirement benefits (OPEB) involves estimating the cost of benefits to be provided well into the future and attributing that cost to the time period each employee works. These plan expenses and obligations are dependent on assumptions developed by us in consultation with our outside advisers such as actuaries and other consultants and are generally calculated independently of funding requirements. The assumptions used, including inflation, discount rates, investment returns, life expectancies, turnover rates, retirement rates, future compensation levels and health care cost trend rates, have a significant impact on plan expenses and obligations. These assumptions are regularly reviewed and modified when appropriate based on historical experience, current trends and the future outlook. Changes in one or more of the underlying assumptions could result in a material impact to our consolidated financial statements in any given period. If actual experience differs from expectations, our financial position and results of operations in future periods could be affected.

Mortality rates are based in part on the company's plan experience and actuarial estimates. The inflation assumption is based on an evaluation of external market indicators, while retirement and turnover rates are based primarily on actual plan experience. Health care cost trend rates are developed based on our actual historical claims experience, the near-term outlook and an assessment of likely long-term trends. For our largest plans, discount rates are based upon the construction of a theoretical bond portfolio, adjusted according to the timing of expected cash flows for the future obligations. A yield curve is developed based on a subset of these high-quality fixed-income investments (those with yields between the 40th and 90th percentiles). The projected cash flows are matched to this yield curve and a present value developed which is then calibrated to develop a single equivalent discount rate. Pension benefits are funded through deposits with trustees that satisfy, at a minimum, the applicable funding regulations. For our largest defined benefit pension plans, expected investment rates of return are based on input from the plans' investment advisers and actuary regarding our expected investment portfolio mix, historical rates of return on those assets, projected future asset class returns, the impact of active management and long-term market conditions and inflation expectations. We believe that the long-term asset allocation on average will approximate the targeted allocation and we regularly review the actual asset allocation to periodically re-balance the investments to the targeted allocation when appropriate. OPEB benefits are funded as they become due.

Actuarial gains or losses may result from changes in assumptions or when actual experience is different from that which was expected. Under the applicable standards, those gains and losses are not required to be immediately recognized in our results of operations as income or expense, but instead may be deferred as part of accumulated other comprehensive income (AOCI) and amortized into our results of operations over future periods.

U.S. retirement plans

Our U.S. defined benefit pension plans comprise about 85% of our consolidated defined benefit pension obligations at December 31, 2014. These plans are frozen and no service-related costs are being incurred. Changes in our net obligations are principally attributable to changing discount rates and the performance of plan assets. Pension obligations are valued using discount rates established annually in consultation with our outside actuarial advisers using a theoretical bond portfolio, adjusted according to the timing of expected cash flows for our future obligations. Declining discount rates increase the present value of future pension obligations – a 25 basis point decrease in the discount rate would increase our U.S. pension liability by about \$47. As indicated above, when establishing the expected long-term rate of return on our U.S. pension plan assets, we consider historical performance and forward looking return estimates reflective of our portfolio mix and expected investment strategy. Our investment strategy and portfolio complexion is described in Note 11 of the consolidated financial statements in Item 8. Although actual annual returns over the past five years have averaged more than 10%, based on the

portion of assets currently directed to fixed income and immunizing type investments, we are continuing to use 7.0% as our expected return on plan assets for 2015.

During the fourth quarter of 2014, the Society of Actuaries (SOA) issued new mortality tables (RP-2014) and mortality improvement scales (MP-2014). After studying our recent experience and evaluating the new tables, we adopted the RP-2014 Blue Collar table for hourly plan participants and the No Collar table for salaried plan participants. With respect to the improvement scales, the SOA had projected improvement from the beginning of 2008 after analyzing historical data through 2007. We compared actual experience for years after 2007 to the improvement projected in MP-2014 and, in concert with our actuarial advisers, considered other relevant data before concluding that a 0.75% long-term improvement rate (LTIR) for periods beginning with 2014 was appropriate and that the LTIR would be attained by 2020, sooner than the period assumed in MP-2014. Adopting the new mortality assumptions in 2014 resulted in an increase of approximately \$83 in both our actuarial loss and the pension benefit obligation.

At December 31, 2014, we have \$491 of unrecognized losses relating to our U.S. pension plans. Actuarial gains and losses, which are primarily the result of changes in the discount rate and other assumptions and differences between actual and expected asset returns, are deferred in AOCI and amortized to expense following the corridor approach. We use the average remaining service period of active participants unless almost all of the plan's participants are inactive, in which case we use the average remaining life expectancy of inactive participants.

Actuarial gains and losses can also impact required cash contributions. Based on the current funded status of our U.S. plans, there are no minimum contribution requirements for 2015. We currently expect contributions to our defined benefit pension plans outside the U.S. to be \$13 in 2015.

See Note 11 to our consolidated financial statements in Item 8 for additional discussion of our pension and OPEB obligations.

Goodwill and other indefinite-lived intangible assets — Our goodwill and other indefinite-lived intangible assets are tested for impairment as of October 31 of each year for all of our reporting units, and more frequently if events occur or circumstances change that would warrant such a review. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. We also utilize market valuation models which require us to make certain assumptions and estimates regarding the applicability of those models to our assets and businesses. We use our internal forecasts, which we update quarterly, to make our cash flow projections. These forecasts are based on our knowledge of our customers' production forecasts, our assessment of market growth rates, net new business, material and labor cost estimates, cost recovery agreements with customers and our estimate of savings expected from our restructuring activities.

The most likely factors that would significantly impact our forecasts are changes in customer production levels and loss of significant portions of our business. We believe that the assumptions and estimates used in the assessment of the goodwill in our Off-Highway reporting unit and our other indefinite-lived intangible assets as of October 31, 2014 were reasonable. There is a significant excess of fair value over the carrying value of these assets at December 31, 2014.

Long-lived assets with definite lives — We perform impairment assessments on our property, plant and equipment and our definite-lived intangible assets whenever events and circumstances indicate that the carrying amounts of the assets may not be recoverable. When indications are present, we compare the estimated future undiscounted net cash flows of the operations to which the assets relate to the carrying amounts of such assets. We utilize the cash flow projections discussed above for property, plant and equipment and amortizable intangibles. We group the assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and

liabilities and evaluate the asset group against the undiscounted future cash flows using the life of the primary assets. If the carrying amounts of the long-lived assets are not recoverable from future cash flows and exceed their fair value, an impairment loss is recognized to reduce the carrying amounts of the long-lived assets to their fair value. Fair value is determined based on discounted cash flows, third party appraisals or other methods that provide appropriate estimates of value. Determining whether a triggering event has occurred, performing the impairment analysis and estimating the fair value of the assets require numerous assumptions and a considerable amount of management judgment. In 2014, the financial condition of a major supplier to our South America Commercial Vehicle segment led them to pursue legal reorganization. Our arrangement entered into with this supplier in 2011 was accounted for as a business combination. At December 31, 2014, we have \$56 of unamortized definite-lived intangible assets relating to this relationship. We determined that no impairment of these assets was currently required. However, depending on the ultimate outcome of this supplier's legal reorganization, all or a portion of these intangible assets could require impairment.

Warranty — Costs related to product warranty obligations are estimated and accrued at the time of sale with a charge against cost of sales. Warranty accruals are evaluated and adjusted as appropriate based on occurrences giving rise to potential warranty exposure and associated experience. Warranty accruals and adjustments require significant judgment, including a determination of our involvement in the matter giving rise to the potential warranty issue or claim, our contractual requirements, estimates of units requiring repair and estimates of repair costs. If actual experience differs from expectations, our financial position and results of operations in future periods could be affected.

Contingency reserves — We have numerous other loss exposures, such as asbestos claims and litigation. Establishing loss reserves for these matters requires the use of estimates and judgment in regards to risk exposure and ultimate liability. In the case of legal contingencies, estimates are made of the likely outcome of legal proceedings and potential exposure where reasonably determinable based on the information presently known to us. New information and developments in these matters could materially affect our recorded liabilities. Estimates of potential liability associated with asbestos claims are influenced by a number of factors, including legislative and legal developments to reduce submission of claims without merit, our success in litigating and resolving claims, developments with incidence of disease manifested as a consequence of asbestos, developments with and availability of bankruptcy trusts and other asbestos claim defendants, and the costs incurred by us to successfully defend and resolve asbestos claims. Additionally, we use a fifteen-year time horizon to estimate our probable asbestos liability.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to fluctuations in foreign currency exchange rates, commodity prices for products we use in our manufacturing and interest rates. To reduce our exposure to these risks, we maintain risk management controls to monitor these risks and take appropriate actions to attempt to mitigate such forms of market risks.

Foreign currency exchange rate risk — The majority of our foreign currency exposures are associated with intercompany and third party sales and purchase transactions and with cross-currency intercompany loans. We use forward contracts to manage our foreign currency exchange rate risk associated with a portion of our forecasted foreign currency-denominated sales and purchase transactions and with certain foreign currency-denominated assets and liabilities. We also use currency swaps to manage foreign currency exchange rate risk associated with certain intercompany loans. Foreign currency exposures are reviewed monthly and natural offsets are considered prior to entering into derivative instruments.

Changes in the fair value of derivative instruments treated as cash flow hedges are reported in OCI. Deferred gains and losses are reclassified to earnings in the same period in which the underlying transactions affect earnings. Changes in the fair value of derivative instruments not treated as cash flow hedges are recognized in earnings in the period in which those changes occur. Changes in the fair value of derivative instruments associated with product-related transactions are recorded in cost of sales, while those associated with non-product transactions are recorded in other income, net. See Note 14 to our consolidated financial statements in Item 8.

The following table summarizes the sensitivity of the fair value of our derivative instruments, including forward contracts and currency swaps, at December 31, 2014 to a 10% change in foreign exchange rates (versus the currencies presented).

	10% Increase in Rates Gain (Loss)	10% Decrease in Rates Gain (Loss)
Foreign currency rate sensitivity:		
Forward contracts and currency swaps		
Long U.S. dollars	\$(16)	\$16
Short U.S. dollars	\$5	\$(5)
Long euros (short other than U.S. dollar)	\$(3)	\$3
Short euros (long other than U.S. dollar)	\$5	\$(5)
Other, net	\$(1)	\$1

Except for a small portion of our short U.S. dollar positions associated with recorded intercompany loans, our financial instruments at December 31, 2014 are primarily associated with our forecasted foreign currency-denominated sales and purchase transactions. Having terminated or canceled a significant portion of our foreign currency-denominated intercompany loans and the associated currency swaps during 2014, we have less overall exchange rate risk at December 31, 2014 compared to December 31, 2013.

Commodity price risk — We do not utilize derivative contracts to manage commodity price risk. Our overall strategy is to pass through commodity risk to our customers in our pricing agreements. A substantial portion of our customer agreements include contractual provisions for the pass-through of commodity price movements. In instances where the risk is not covered contractually, we have generally been able to adjust customer pricing to recover commodity cost increases.

Interest rate risk — Our long-term debt portfolio consists mostly of fixed-rate instruments. Currently, we do not hold any derivative contracts that hedge our interest exposures but may consider such strategies in the future.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Dana Holding Corporation

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Dana Holding Corporation and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(3) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Toledo, Ohio
February 20, 2015

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Dana Holding Corporation
Consolidated Statement of Operations
(In millions except per share amounts)

	2014	2013	2012
Net sales	\$6,617	\$6,769	\$7,224
Costs and expenses			
Cost of sales	5,672	5,849	6,250
Selling, general and administrative expenses	411	410	424
Amortization of intangibles	42	74	74
Restructuring charges, net	21	24	47
Loss on disposal group held for sale	(80))	
Pension settlement charges	(42))	
Loss on extinguishment of debt	(19))	
Other income, net	48	55	19
Income from continuing operations before interest expense and income taxes	378	467	448
Interest expense	118	99	84
Income from continuing operations before income taxes	260	368	364
Income tax expense (benefit)	(70)	) 119	51
Equity in earnings of affiliates	13	12	2
Income from continuing operations	343	261	315
Loss from discontinued operations	(15)	) (1) —
Net income	328	260	315
Less: Noncontrolling interests net income	9	16	15
Net income attributable to the parent company	319	244	300
Preferred stock dividend requirements	7	25	31
Preferred stock redemption premium		232	
Net income (loss) available to common stockholders	\$312	\$(13	) \$269
Net income (loss) per share available to parent company common stockholders:			
Basic:			
Income (loss) from continuing operations	\$2.07	\$(0.08	) \$1.82
Loss from discontinued operations	\$(0.10)	) \$(0.01) \$—
Net income (loss)	\$1.97	\$(0.09	) \$1.82
Diluted:			
Income (loss) from continuing operations	\$1.93	\$(0.08	) \$1.40
Loss from discontinued operations	\$(0.09)	) \$(0.01) \$—
Net income (loss)	\$1.84	\$(0.09	) \$1.40
Weighted-average common shares outstanding			
Basic	158.0	146.4	148.0
Diluted	173.5	146.4	214.7
Dividends declared per common share	\$0.20	\$0.20	\$0.20

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

Dana Holding Corporation
 Consolidated Statement of Comprehensive Income
 (In millions)

	2014	2013	2012
Net income	\$328	\$260	\$315
Less: Noncontrolling interests net income	9	16	15
Net income attributable to the parent company	319	244	300
Other comprehensive income (loss) attributable to the parent company, net of tax:			
Currency translation adjustments	(185	) (40	) (6
Hedging gains and losses	(9	) (4	) 13
Investment and other gains and losses	2	(9	) 2
Defined benefit plans	(78	) 122	(152
Other comprehensive income (loss) attributable to the parent company	(270	) 69	(143
Other comprehensive income (loss) attributable to noncontrolling interests, net of tax:			
Currency translation adjustments	(4	) (5	) 1
Hedging gains and losses		1	
Defined benefit plans			(1
Other comprehensive loss attributable to noncontrolling interests	(4	) (4) —
Total comprehensive income attributable to the parent company	49	313	157
Total comprehensive income attributable to noncontrolling interests	5	12	15
Total comprehensive income	\$54	\$325	\$172

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

Dana Holding Corporation
Consolidated Balance Sheet

(In millions except share and per share amounts)

	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$1,121	\$1,256
Marketable securities	169	110
Accounts receivable		
Trade, less allowance for doubtful accounts of \$6 in 2014 and \$7 in 2013	755	793
Other	117	223
Inventories	654	670
Other current assets	111	113
Current assets of disposal group held for sale	27	
Total current assets	2,954	3,165
Goodwill	90	106
Intangibles	169	227
Other noncurrent assets	337	196
Investments in affiliates	204	210
Property, plant and equipment, net	1,176	1,225
Total assets	\$4,930	\$5,129
Liabilities and equity		
Current liabilities		
Notes payable, including current portion of long-term debt	\$65	\$57
Accounts payable	791	804
Accrued payroll and employee benefits	158	161
Accrued restructuring costs	9	14
Taxes on income	32	35
Other accrued liabilities	185	197
Current liabilities of disposal group held for sale	21	
Total current liabilities	1,261	1,268
Long-term debt	1,613	1,567
Pension and postretirement obligations	580	530
Other noncurrent liabilities	279	351
Noncurrent liabilities of disposal group held for sale	17	
Total liabilities	3,750	3,716
Commitments and contingencies (Note 15)		
Parent company stockholders' equity		
Preferred stock, 50,000,000 shares authorized		
Series A, \$0.01 par value, zero shares outstanding	—	—
Series B, \$0.01 par value, zero and 3,803,774 shares outstanding	—	372
Common stock, \$0.01 par value, 450,000,000 shares authorized, 166,070,057 and 145,338,342 outstanding	2	2
Additional paid-in capital	2,640	2,840
Accumulated deficit	(532)	(812)
Treasury stock, at cost (1,588,990 and 18,742,288 shares)	(33)	(366)
Accumulated other comprehensive loss	(997)	(727)
Total parent company stockholders' equity	1,080	1,309

Noncontrolling equity	100	104
Total equity	1,180	1,413
Total liabilities and equity	\$4,930	\$5,129

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

Dana Holding Corporation
Consolidated Statement of Cash Flows
(In millions)

	2014	2013	2012	
Operating activities				
Net income	\$328	\$260	\$315	
Depreciation	164	175	190	
Amortization of intangibles	49	87	87	
Amortization of deferred financing charges	5	5	5	
Call premium on senior notes	15			
Write off of deferred financing costs	4	4		
Unremitted earnings of affiliates	4	(2	) 1
Stock compensation expense	16	16	19	
Deferred income taxes	(199) (10) (80)
Pension expense (contributions), net	30	(60) (220)
Loss on disposal group held for sale	78			
Interest payment received on payment-in-kind note receivable	40	26		
Change in working capital	(39	) 104	21
Change in other noncurrent assets and liabilities	(16) (3) (3)
Other, net	31	(25	) 4
Net cash provided by operating activities	510	577	339	
Investing activities				
Purchases of property, plant and equipment	(234) (209) (164)
Acquisition of business		(8) (12)
Principal payment received on payment-in-kind note receivable	35	33		
Purchases of marketable securities	(84) (84) (18)
Proceeds from sales of marketable securities	7	28	15	
Proceeds from maturities of marketable securities	21	8	6	
Proceeds from sale of businesses	9	1	8	
Other		9	4	
Net cash used in investing activities	(246) (222) (161)
Financing activities				
Net change in short-term debt	(8	) (14	) 4
Proceeds from letters of credit	12			
Repayment of letters of credit	(8)		
Proceeds from long-term debt	448	817	51	
Repayment of long-term debt	(372) (57) (32)
Call premium on senior notes	(15)		
Deferred financing payments	(7	) (17)	
Preferred stock redemption		(474)	
Dividends paid to preferred stockholders	(8) (28) (31)
Dividends paid to common stockholders	(32) (30) (30)
Distributions to noncontrolling interests	(9) (11) (11)
Repurchases of common stock	(260) (337) (15)
Payments to acquire noncontrolling interests		(7)	
Other	5	8	9	
Net cash used in financing activities	(254) (150) (55)
Net increase in cash and cash equivalents	10	205	123	
Cash and cash equivalents - beginning of period	1,256	1,059	931	

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Effect of exchange rate changes on cash balances	(118) (8) 5
Less: cash of disposal group held for sale	(27)	
Cash and cash equivalents - end of period	\$1,121	\$1,256	\$1,059

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

Dana Holding Corporation
Consolidated Statement of Stockholders' Equity
(In millions)

	Parent Company Stockholders'					Accumulated Other Compre- hensive Loss	Parent Company Stockholders' Equity	Non- controlling Interests	Total Equity
	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock				
Balance, December 31, 2011	\$753	\$ 1	\$ 2,643	\$ (1,008)	\$ (9)	\$ (650)	\$ 1,730	\$ 108	\$ 1,838
Net income				300			300	15	315
Other comprehensive loss						(143)	(143)		(143)
Preferred stock dividends (\$4.00 per share)				(31)			(31)		(31)
Common stock dividends (\$0.20 per share)				(30)			(30)		(30)
Distributions to noncontrolling interests							—	(11)	(11)
Common stock share repurchases					(15)		(15)		(15)
Stock compensation		1	25				26		26
Stock withheld for employees taxes					(1)		(1)		(1)
Balance, December 31, 2012	753	2	2,668	(769)	(25)	(793)	1,836	112	1,948
Net income				244			244	16	260
Other comprehensive income (loss)						69	69	(4)	65
Preferred stock dividends (\$4.00 per share)				(25)			(25)		(25)
Common stock dividends (\$0.20 per share)				(30)			(30)		(30)
Distributions to noncontrolling interests							—	(11)	(11)
Preferred stock redemption	(242)			(232)			(474)		(474)
Share conversion	(139)		140				1		1
Common stock share repurchases					(337)		(337)		(337)

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Purchase of noncontrolling interests		6			(3)	3		(9)	(6)	
Repurchase of equity awards		(2)				(2)			(2)	
Stock compensation		28					28				28		
Stock withheld for employees taxes					(4	)		(4	)		(4)	
Balance, December 31, 2013	372	2	2,840	(812	)	(366	)	(727	)	1,309	104	1,413
Net income			319				319		9		328		
Other comprehensive loss						(270)	(270)	(4)	(274)
Preferred stock dividends (\$3.00 per share)				(7	)			(7	)		(7)	
Common stock dividends (\$0.20 per share)				(32	)			(32	)		(32)	
Distributions to noncontrolling interests									(9	)	(9)	
Share conversion	(372	)	74		301		3				3	
Common stock share repurchases					(260	)		(260	)		(260)	
Retire treasury shares			(294	)	294							
Stock compensation			20				20				20		
Stock withheld for employees taxes					(2	)		(2	)		(2)	
Balance, December 31, 2014	\$—	\$ 2	\$ 2,640	\$ (532	)	\$ (33	)	\$ (997	)	\$ 1,080	\$ 100	\$ 1,180

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

Dana Holding Corporation
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Notes to Consolidated Financial Statements
(In millions, except share and per share amounts)

Note 1. Organization and Summary of Significant Accounting Policies

General

Dana Holding Corporation (Dana) is headquartered in Maumee, Ohio and was incorporated in Delaware in 2007. As a global provider of high technology driveline (axles, driveshafts and transmissions), sealing and thermal-management products our customer base includes virtually every major vehicle manufacturer in the global light vehicle, medium/heavy vehicle and off-highway markets.

The terms "Dana," "we," "our" and "us," when used in this report are references to Dana. These references include the subsidiaries of Dana unless otherwise indicated or the context requires otherwise.

Summary of significant accounting policies

Basis of presentation — Our consolidated financial statements include the accounts of all subsidiaries where we hold a controlling financial interest. The ownership interests in subsidiaries held by third parties are presented in the consolidated balance sheet within equity, but separate from the parent's equity, as noncontrolling interests. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in 20 to 50%-owned affiliates, which are not required to be consolidated, are accounted for under the equity method. Equity in earnings of these investments is presented separately in the consolidated statement of operations, net of tax. Investments in less-than-20%-owned companies are included in the financial statements at the cost of our investment. Dividends, royalties and fees from these cost basis affiliates are recorded in income when received.

In the third quarter of 2014, we identified an error that had resulted in a \$10 overstatement of the values assigned to our defined benefit pension obligation and goodwill when we applied fresh start accounting in 2008. These overstatements affected pension expense, other comprehensive income and impairment of goodwill in subsequent periods. Based on our assessments of qualitative and quantitative factors, the error and the related impacts were not considered material to the financial statements for the quarter ended September 30, 2014 or the prior periods to which they relate. The error was corrected in September 2014 by decreasing pension and postretirement obligations by \$17, decreasing accumulated other comprehensive loss by \$3 to eliminate the related impacts on unrecognized pension expense and currency translation adjustments, decreasing goodwill by \$3, decreasing cost of sales by \$5 to reverse the cumulative impact on pension expense and crediting other income, net for \$6 to effectively reverse a portion of the goodwill impairment recognized in 2008.

In the fourth quarter of 2012, we recorded a \$7 charge to cumulative translation adjustments to correct an overstatement of cash and cash equivalents that arose primarily in the third quarter of 2011. Partially offsetting this adjustment was a \$3 credit to income in the fourth quarter of 2012 to correct an overstatement of a deferred compensation accrual that was also primarily related to 2011. These adjustments were not considered material to pre-tax income, net income or other comprehensive income for the current or prior periods to which they relate.

Certain prior year amounts have been reclassified to conform to the 2014 presentation.

Held for sale — We classify long-lived assets or disposal groups as held for sale in the period: management commits to a plan to sell; the long-lived asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such long-lived assets or disposal groups; an active program to locate a buyer and other actions required to complete the plan to sell have been initiated; the sale is probable within

one year; the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Long-lived assets and disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell. See Note 2 for additional information regarding our disposal group held for sale.

Discontinued operations — We classify a business component that has been disposed of or classified as held for sale as discontinued operations if the cash flows of the component have been or will be eliminated from our ongoing operations and we will no longer have any significant continuing involvement in or with the component. The results of operations of our discontinued operations, including any gains or losses on disposition, are aggregated and presented on one line in the income statement. See Note 3 for additional information regarding our discontinued operations.

Estimates — Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP), which requires the use of estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. We believe our assumptions and estimates are reasonable and appropriate. However, due to the inherent uncertainties in making estimates, actual results could differ from those estimates.

Fair value measurements — A three-tier fair value hierarchy is used to prioritize the inputs to valuation techniques used to measure fair value. The three levels of inputs are as follows: Level 1 inputs (highest priority) include unadjusted quoted prices in active markets for identical instruments. Level 2 inputs include quoted prices for similar instruments that are observable either directly or indirectly. Level 3 inputs (lowest priority) include unobservable inputs in which there is little or no market data, which require management to develop its own assumptions. Classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The inputs we use in our valuation techniques include market data or assumptions that we believe market participants would use in pricing an asset or liability, including assumptions about risk when appropriate. Our valuation techniques include a combination of observable and unobservable inputs. When available, we use quoted market prices to determine the fair value (market approach). In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, we consider the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of credit risk that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date (income approach). Fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future.

Cash and cash equivalents — Cash and cash equivalents includes cash on hand, demand deposits and short-term cash investments that are highly liquid in nature and have maturities of three months or less when purchased.

Marketable securities — Our investments in marketable securities reported in the accompanying balance sheet are classified as available for sale and carried at fair value. Unrealized gains and losses are recorded in accumulated other comprehensive income (loss) (AOCI) until realized. Realized gains and losses are recorded using the specific identification method.

Inventories — Inventories are valued at the lower of cost or market. Cost is determined using the average or first-in, first-out (FIFO) cost method.

Property, plant and equipment — As a result of our adoption of fresh start accounting on February 1, 2008, property, plant and equipment was stated at fair value with useful lives ranging from two to thirty years. Useful lives of newly acquired assets are generally twenty to thirty years for buildings and building improvements, five to ten years for machinery and equipment, three to five years for tooling and office equipment and three to ten years for furniture and fixtures. Depreciation is recognized over the estimated useful lives using primarily the straight-line method for financial reporting purposes and accelerated depreciation methods for federal income tax purposes. If assets are impaired, their value is reduced via an increase in accumulated depreciation.

Pre-production costs related to long-term supply arrangements — The costs of tooling used to make products sold under long-term supply arrangements are capitalized as part of property, plant and equipment and amortized over their useful lives if we own the tooling or if we fund the purchase but our customer owns the tooling and grants us the irrevocable right to use the tooling over the contract period. If we have a contractual right to bill our customers, costs incurred in connection with the design and development of tooling are carried as a component of other accounts receivable until invoiced. Design and development costs related to customer products are deferred if we have an agreement to collect such costs from the customer; otherwise, they are expensed when incurred. At December 31,

2014, the machinery and equipment component of property, plant and equipment includes \$2 of our tooling related to long-term supply arrangements, while trade and other accounts receivable includes \$29 of costs related to tooling that we have a contractual right to collect from our customers.

Goodwill — We test goodwill for impairment annually as of October 31 and more frequently if events occur or circumstances change that would warrant an interim review. Goodwill impairment testing is performed at the reporting unit level, which is our operating segment. We estimate the fair value of the reporting unit in the first step using various valuation methodologies, including projected future cash flows and multiples of current earnings. If the estimated fair value of the reporting unit exceeds its carrying value, the goodwill is considered not impaired. If the carrying value of the reporting unit exceeds its estimated fair value, then the second step of the test would be required to determine the implied fair value of the goodwill and any resulting impairment. Our goodwill is assigned to our Off-Highway segment. The estimated fair value of our Off-Highway reporting unit

was significantly greater than its carrying value at October 31, 2014. No impairment of goodwill occurred during the three years ended December 31, 2014.

Intangible assets — Intangible assets include the value of core technology, trademarks and trade names, customer relationships and intangible assets used in research and development activities. Core technology and customer relationships have definite lives while intangible assets used in research and development activities and substantially all of our trademarks and trade names have indefinite lives. Definite-lived intangible assets are amortized over their useful life using the straight-line method of amortization and are periodically reviewed for impairment indicators. Amortization of core technology is charged to cost of sales. Amortization of trademarks and trade names and customer relationships is charged to amortization of intangibles. Intangible assets used in research and development activities have an indefinite life until completion of the associated research and development efforts. Upon completion of development, the assets are amortized over their useful life; if the project is abandoned, the assets are written off immediately. Indefinite-lived intangible assets are reviewed for impairment annually and more frequently if impairment indicators exist. See Note 4 for more information about intangible assets.

Tangible asset impairments — We review the carrying value of amortizable long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the undiscounted future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value. Assets to be disposed of are reported at the lower of their carrying amount or fair value less costs to sell and are no longer depreciated.

Other long-lived assets and liabilities — We discount our workers' compensation and asbestos liabilities and the related amounts recoverable from insurers by applying blended risk-free rates that are appropriate for the duration of the projected cash flows. The use of risk-free rates is considered appropriate given that other risks affecting the volume and timing of payments have been considered in developing the probability-weighted projected cash flows. The blended risk-free rates are revised annually to consider incremental cash flow projections.

Financial instruments — The carrying values of cash and cash equivalents, trade receivables and short-term borrowings approximate fair value. Notes receivable are carried at fair value, which considers the contractual call or selling price, if applicable. Borrowings under our credit facilities are carried at historical cost and adjusted for principal payments and foreign currency fluctuations.

Derivatives — Foreign currency forward contracts and currency swaps are carried at fair value. We enter into these contracts to manage our exposure to the impact of currency fluctuations on certain foreign currency-denominated assets and liabilities and on a portion of our forecasted purchase and sale transactions.

Changes in the fair value of contracts treated as cash flow hedges are deferred and included as a component of other comprehensive income (loss) (OCI) to the extent the contracts remain effective and the associated forecasted transactions remain probable. Effectiveness is measured by using regression analysis to determine the degree of correlation between the change in the fair value of the derivative instrument and the change in the associated foreign currency exchange rates. Deferred gains and losses are reclassified to earnings in the same periods in which the underlying transactions affect earnings. Changes in the fair value of contracts not treated as cash flow hedges are recognized in earnings as those changes occur. Changes in the fair value of contracts associated with product-related transactions are recorded in cost of sales while those associated with non-product transactions are recorded in other income, net and are generally offset by currency-driven gains or losses on the underlying transactions. We may also use interest rate swaps to manage exposure to fluctuations in interest rates and to adjust the mix of our fixed and floating rate debt. We do not use derivatives for trading or speculative purposes and we do not hedge all of our

exposures.

Environmental compliance and remediation — Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to existing conditions caused by past operations that do not contribute to our current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. We consider the most probable method of remediation, current laws and regulations and existing technology in determining our environmental liabilities.

Pension and other postretirement defined benefits — Net pension and postretirement benefits expenses and the related liabilities are determined on an actuarial basis. These plan expenses and obligations are dependent on management's assumptions developed in consultation with our actuaries. We review these actuarial assumptions at least annually and make modifications when appropriate. With the input of independent actuaries and other relevant sources, we believe that the

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assumptions used are reasonable; however, changes in these assumptions, or experience different from that assumed, could impact our financial position, results of operations or cash flows.

Postemployment benefits — Costs to provide postemployment benefits to employees are accounted for on an accrual basis. Obligations that do not accumulate or vest are recorded when payment is probable and the amount can be reasonably estimated. For those obligations that accumulate or vest and the amount can be reasonably estimated, expense and the related liability are recorded as service is rendered.

Equity-based compensation — We measure compensation cost arising from the grant of share-based awards to employees at fair value. We recognize such costs in income over the period during which the requisite service is provided, usually the vesting period. The grant date fair value is estimated using valuation techniques that require the input of management estimates and assumptions. We believe that the assumptions used are reasonable; however, due to inherent uncertainties in making estimates, if other assumptions had been used, it could have impacted our financial position and results of operations.

Revenue recognition — Sales are recognized when products are shipped and risk of loss has transferred to the customer. We accrue for warranty costs, sales returns and other allowances based on experience and other relevant factors when sales are recognized. Adjustments are made as new information becomes available. Shipping and handling fees billed to customers are included in sales, while costs of shipping and handling are included in cost of sales. Taxes collected from customers are excluded from revenues and credited directly to obligations to the appropriate governmental agencies.

Foreign currency translation — The financial statements of subsidiaries and equity affiliates outside the U.S. located in non-highly inflationary economies are measured using the currency of the primary economic environment in which they operate as the functional currency, which typically is the local currency. Transaction gains and losses resulting from translating assets and liabilities of these entities into the functional currency are included in other income, net or in equity in earnings of affiliates. When translating into U.S. dollars, income and expense items are translated at average monthly rates of exchange, while assets and liabilities are translated at the rates of exchange at the balance sheet date. Translation adjustments resulting from translating the functional currency into U.S. dollars are deferred and included as a component of AOCI in stockholders' equity. For operations whose functional currency is the U.S. dollar, nonmonetary assets are translated into U.S. dollars at historical exchange rates and monetary assets are translated at current exchange rates.

Venezuela's economy is considered highly inflationary under GAAP. As such, we remeasure the financial statements of our subsidiaries in Venezuela as if their functional currency was the U.S. dollar.

Prior to 2014, the Venezuelan government through its Commission for the Administration of Foreign Exchange (CADIVI) maintained a fixed official exchange rate. The official exchange rate was fixed at 4.3 bolivars per U.S. dollar until February 2013 when the Venezuelan government devalued the bolivar to 6.3 bolivars per U.S. dollar. We recorded a \$6 charge in the first quarter of 2013 associated with the devaluation of the official exchange rate. After the devaluation, CADIVI allowed certain obligations existing at the date of the devaluation to be settled at the former 4.3 rate. During the last nine months of 2013, we recognized \$5 of gains on claims settled at the former 4.3 rate. In March 2013, the Venezuelan government announced the creation of the Complementary System of Foreign Currency Administration (SICAD), a supplementary currency auction system regulated by the Central Bank of Venezuela for purchases of U.S. dollars by certain eligible importers. During 2013, our subsidiaries in Venezuela were not eligible to utilize SICAD and therefore we continued to use the official exchange rate to remeasure the financial statements of our subsidiaries in Venezuela.

In the first quarter of 2014, the Venezuelan government transferred the administration of the official exchange rate to the National Center of Foreign Commerce (CENCOEX) and indicated that the official exchange rate of 6.3 would be increasingly reserved only for the settlement of U.S. dollar-denominated obligations related to purchases of “essential goods and services.” In addition, the Venezuelan government expanded the entities and transactions that would be eligible to use SICAD. Transactions eligible for SICAD currently include foreign investments and payments of royalties. Also during the first quarter of 2014, the Venezuelan government announced the creation of SICAD 2, a market-based exchange mechanism regulated by the Central Bank of Venezuela. SICAD 2 may be used by all companies incorporated or domiciled in Venezuela who want to obtain U.S. dollars for any purpose.

With the expansion of SICAD and the formation of SICAD 2 there is uncertainty surrounding transactions that CENCOEX will allow to be transacted at the official exchange rate. In consultation with legal counsel we have determined that the SICAD rate, which we believe would apply to dividend remittances, is the appropriate rate to remeasure the bolivar- denominated net monetary assets of our subsidiaries in Venezuela. Effective March 31, 2014, we ceased using the official exchange rate of 6.3 and began using the SICAD rate, which was 10.7 bolivars per U.S. dollar (as published by the Central Bank of Venezuela) at March 31, 2014, to remeasure the financial statements of our subsidiaries in Venezuela.

Income taxes — In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax assets or liabilities for all years subject to examination based upon management's evaluation of the facts and circumstances and information available at the reporting dates. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater-than-50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. Where applicable, the related interest cost has also been recognized as a component of the income tax provision.

Research and development — Research and development costs include expenditures for research activities relating to product development and improvement. Salaries, fringes and occupancy costs, including building, utility and overhead costs, comprise the vast majority of these expenses and are expensed as incurred. Research and development expenses were \$72, \$64 and \$57 in 2014, 2013 and 2012.

Recently adopted accounting pronouncements

In July 2013, the Financial Accounting Standards Board (FASB) issued guidance to clarify financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. Generally, an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction of a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. An exception exists to the extent a net operating loss carryforward, a similar tax loss or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose. If the exception applies, the unrecognized tax benefit must be presented in the financial statements as a liability and not combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and must be made presuming disallowance of the tax position at the reporting date. This guidance became effective January 1, 2014 and is consistent with our past practice, so adoption did not impact our financial condition or results of operations.

In March 2013, the FASB issued guidance to clarify existing requirements for the release – the recognition of an amount in the income statement – of the cumulative translation adjustment. The guidance applies to the release of cumulative translation adjustment when an entity ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity. It also applies to the release of the cumulative translation adjustment when there is a loss of a controlling financial interest in a foreign entity or a step acquisition involving an equity method investment that is a foreign entity. The accounting for the financial interest within a foreign entity is the same regardless of the form of the transaction. This guidance, which became effective January 1, 2014, did not impact our financial condition or results of operations in 2014 but could affect our accounting for future transactions.

Recently issued accounting pronouncements

In June 2014, the FASB issued guidance to provide clarity on whether to treat a performance target that could be achieved after the requisite service period as a performance condition that affects vesting or as a nonvesting condition that affects the grant-date fair value of a share-based payment award. Generally, an award with a performance target also requires an employee to render service until the performance target is achieved. In some cases, however, the terms of an award may provide that the performance target could be achieved after an employee completes the requisite service period. The amendment requires that a performance target that affects vesting and extends beyond the

end of the service period be treated as a performance condition and not as a factor in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. The guidance becomes effective January 1, 2016.

In May 2014, the FASB issued guidance that requires companies to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in amounts that reflect the consideration a company expects to be entitled to in exchange for those goods or services. The new guidance will also require new disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This guidance will be effective January 1, 2017 and early adoption is not permitted. The guidance allows for either a full retrospective or a modified retrospective transition method. We are currently evaluating the impact this guidance will have on our consolidated results of operations, financial position and cash flows.

In April 2014, the FASB issued guidance that revises the definition of a discontinued operation. The revised definition limits discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on operations and financial results. The guidance also requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. The guidance will apply to covered transactions that occur after 2014 and was optional for the initial reporting of disposals completed or approved in 2014.

Note 2. Acquisitions, Divestitures and Disposal Group Held for Sale

Fallbrook — On September 10, 2012, we entered into a strategic alliance with Fallbrook Technologies Inc. (Fallbrook). Among the agreements executed is an exclusive license agreement allowing Dana to engineer, produce and sell transmission components and other advanced powertrain solutions with Fallbrook's continuously variable planetary (CVP) technology for passenger and certain off-highway vehicles in the end markets Dana serves. The exclusive license agreement, along with an engineering services agreement and key engineers hired from Fallbrook, provide Dana with intellectual property, processes, techniques, technical data, training, designs and drawings related to the development, application, use, manufacture and production of the CVP technology. The transaction with Fallbrook is being accounted for as a business combination.

Dana paid Fallbrook \$20 under the exclusive license agreement for the markets licensed to Dana; \$12 was paid in 2012 and \$8 was paid in 2013. The aggregate fair value of the assets acquired of \$20 has been allocated to intangible assets used in research and development activities which are initially classified as indefinite-lived with \$12 and \$8 assigned to our Off-Highway and Light Vehicle operating segments, respectively. We used the multi-period excess earnings method, an income approach, to value the intangible assets used in research and development activities.

Divestiture of Axle, Differential and Brake Systems business — We completed the divestiture of our axle, differential and brake systems business serving the leisure, all-terrain and utility vehicle markets in August 2012. The total proceeds received of \$8 approximated the net assets of the business following an asset impairment charge of \$2 recorded in the first quarter of 2012. Sales of the divested business approximated \$32 in 2012 through the date of the disposition.

Divestiture of Structural Products business — In March 2010, we sold substantially all of the assets of our Structural Products business to Metalsa S.A. de C.V. (Metalsa). We had received cash proceeds of \$134 through the end of 2011, excluding amounts related to working capital adjustments and tooling. An additional \$10 remained as a receivable and was supported by funds held in escrow. Those funds were to be released to Dana by June 2012; however, the buyer presented claims to the escrow agent seeking indemnification from Dana. The escrow agent was precluded from releasing the funds held in escrow until Dana and the buyer resolved the issues underlying the claims. The parties reached a final agreement on the remaining issues in May 2014, resulting in the receipt of \$9 from the escrow agent and a charge of \$1 to other expense within discontinued operations.

Disposal group held for sale — In December 2014, we entered into an agreement to divest our Light Vehicle operations in Venezuela (the disposal group) for no consideration to an unaffiliated company. We completed the divestiture in January 2015. Upon classification of the disposal group as held for sale, we recognized an \$80 loss to adjust the carrying value of the net assets of our operations in Venezuela to fair value less cost to sell. The assets and liabilities of our operations in Venezuela are presented as held for sale on our balance sheet as of December 31, 2014. The carrying amounts of the major classes of assets and liabilities of our operations in Venezuela are as follows:

	December 31, 2014
Cash and cash equivalents	\$27
Current assets classified as held for sale	\$27
Accounts payable	\$16
Accrued payroll and employee benefits	4
Other accrued liabilities	1
Current liabilities classified as held for sale	\$21
Pension obligations	\$11
Other noncurrent liabilities	6
Noncurrent liabilities classified as held for sale	\$17
Accumulated other comprehensive loss classified as held for sale	\$(11)

Note 3. Discontinued Operations

The sale of substantially all of the assets of our Structural Products business in 2010 excluded the facility in Longview, Texas and its employees and manufacturing assets related to a significant customer contract. The customer contract was satisfied and operations concluded in August 2012. As a result of the cessation of all operations, activities related to the former Structural Products business have been presented as discontinued operations in the accompanying financial statements.

The Longview facility was sold in March 2013 and a previously closed plant in Canada was sold in January 2014. The proceeds in both transactions approximated the carrying values of the facilities.

The results of the discontinued operations were as follows:

	2014	2013	2012
Sales	\$—	\$—	\$34
Cost of sales			31
Restructuring charges, net		1	3
Other expense	(19)		(1)
Pre-tax loss	(19)	(1)	(1)
Income tax benefit	(4)		(1)
Loss from discontinued operations	\$(15)	\$(1)	\$—

In 2012, Ford Motor Company (Ford) filed a complaint alleging quality issues relating to products supplied by the former Structural Products business at Dana Canada Corporation. The Dana Canada facility was closed in 2008 and Dana Holding Corporation divested substantially all of the Structural Products business in 2010. In December 2014, while admitting no liability related to the complaint, we reached a settlement agreement with Ford. The cost of the settlement with Ford and the associated legal fees incurred in connection with this matter were charged to other expense within discontinued operations in the fourth quarter of 2014.

The loss reported for 2014 also includes the charge that resulted from final settlement of the claims presented by Metalsa in connection with its acquisition of substantially all of the assets of our Structural Products business, along with the related legal fees. See Note 2 for additional information.

Note 4. Goodwill and Other Intangible Assets

Goodwill — Our goodwill is assigned to our Off-Highway segment. Based on our October 31, 2014 impairment assessment, the fair value of this segment is significantly higher than its carrying value, including goodwill. We do not believe that our goodwill is at risk of being impaired. As discussed in Note 1 above, we adjusted goodwill in September 2014 in connection with correcting an overstatement of our pension and postretirement obligations. The \$3 adjustment is net of the cumulative effect of currency fluctuations and impairment of the amount that would have been assigned at fresh start to our former Driveshaft segment in 2008. The remaining change in the carrying amount of goodwill in 2014 is due to currency fluctuations.

Non-amortizable intangible assets — Our non-amortizable intangible assets include trademarks, trade names and intangible assets used in research and development activities. Trademarks and trade names consist of the Dana® and Spicer® trademarks and trade names utilized in our Commercial Vehicle and Off-Highway segments. We value trademarks and trade names using a relief from royalty method which is based on revenue streams. No impairment was recorded during the three years ended December 31, 2014 in connection with the required annual assessment. Intangible assets used in research and development activities relate to our strategic alliance with Fallbrook. See Note 2 for a discussion of our strategic alliance with Fallbrook and our valuation of the related intangible assets used in research and development activities. We value intangible assets used in research and development activities using the multi-period excess earnings method, an income approach. No impairment was recorded during the year ended December 31, 2014 in connection with the required annual assessment.

Amortizable intangible assets — Our amortizable intangible assets include core technology, customer relationships and a portion of our trademarks and trade names. Core technology includes the proprietary know-how and expertise that is inherent in our products and manufacturing processes. Customer relationships include the established relationships with our customers and the related ability of these customers to continue to generate future recurring revenue and income.

These assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. We group the assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the undiscounted future cash flows. We use our internal forecasts, which we update quarterly, to develop our cash flow projections. These forecasts are based on our knowledge of our customers' production forecasts, our assessment of market growth rates, net new business, material and labor cost estimates, cost recovery agreements with customers and our estimate of savings expected from our restructuring activities. The most likely factors that would significantly impact our forecasts are changes in customer production levels and loss of significant portions of our business. Our valuation is applied over the life of the primary assets within the asset groups. If the undiscounted cash flows do not indicate that the carrying amount of the asset group is recoverable, an impairment charge is recorded if the carrying amount of the asset group exceeds its fair value based on discounted cash flow analyses or appraisals.

Components of other intangible assets —

	Weighted Average Useful Life (years)	December 31, 2014			December 31, 2013		
		Gross Carrying Amount	Accumulated Impairment and Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Impairment and Amortization	Net Carrying Amount
Amortizable intangible assets							
Core technology	7	\$90	\$(85)) \$5	\$94	\$(83)) \$11

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Trademarks and trade names	16	3	(1) 2	4	(1) 3
Customer relationships	8	493	(416) 77	527	(399) 128
Non-amortizable intangible assets							
Trademarks and trade names		65		65	65		65
Used in research and development activities		20		20	20		20
		\$671	\$(502	) \$169	\$710	\$(483	) \$227

The net carrying amounts of intangible assets, other than goodwill, attributable to each of our operating segments at December 31, 2014 were as follows: Light Vehicle Driveline (Light Vehicle) – \$12, Commercial Vehicle – \$94, Off-Highway – \$50 and Power Technologies – \$13.

Amortization expense related to amortizable intangible assets —			
	2014	2013	2012
Charged to cost of sales	\$7	\$13	\$13
Charged to amortization of intangibles	42	74	74
Total amortization	\$49	\$87	\$87

The following table provides the estimated aggregate pre-tax amortization expense related to intangible assets for each of the next five years based on December 31, 2014 exchange rates. Actual amounts may differ from these estimates due to such factors as currency translation, customer turnover, impairments, additional intangible asset acquisitions and other events.

	2015	2016	2017	2018	2019
Amortization expense	\$19	\$17	\$15	\$12	\$10

Note 5. Restructuring of Operations

Our restructuring activities primarily include rationalizing our operating footprint by consolidating facilities, positioning operations in lower cost locations and reducing overhead costs. Restructuring expense includes costs associated with current and previously announced actions and is comprised of contractual and noncontractual separation costs and exit costs, including costs associated with lease continuation obligations and certain operating costs of facilities that we are in the process of closing.

During 2014, we implemented various cost reduction programs, including the closure of our Commercial Vehicle foundry in Argentina and other headcount reduction programs in our Light Vehicle and Commercial Vehicle businesses in South America and Europe. Total restructuring expense in 2014 associated with these actions and with other previously announced initiatives was \$21 and included \$15 of severance and related benefits costs and \$6 of exit costs.

During 2013, we implemented certain headcount reduction programs, primarily in our Light Vehicle and Commercial Vehicle businesses in Argentina and Australia and in our Off-Highway business in Europe. New customer programs and other developments in our North American Light Vehicle business and a decision by our European Off-Highway business to in-source the manufacturing of certain parts resulted in the reversal of previously accrued severance obligations. Excluding \$1 of exit costs associated with discontinued operations, restructuring expense in 2013 was \$24, net of the aforementioned reversals, and was attributable to the cost of newly implemented and previously announced initiatives. Restructuring expense includes \$14 of severance and related benefits costs and \$10 of exit costs.

During 2012, we implemented certain cost reduction programs, including headcount reduction initiatives at several of our manufacturing operations in all regions, the most significant of which impacted the Light Vehicle and Commercial Vehicle businesses in South America and Europe. Included in these actions was the planned closure of our Light Vehicle manufacturing facility in Austria, which was completed during 2013. Additionally, we exited our Commercial Vehicle facility in Kalamazoo, Michigan in June 2012 and recognized the fair value of the associated lease continuation obligation. Excluding \$3 of exit costs associated with discontinued operations, restructuring expense in 2012 to recognize the costs of these actions and those of previously announced initiatives was \$47 and included \$27 of severance and related benefit costs and \$20 of exit costs.

Accrued restructuring costs activity, including noncurrent portion —

	Employee Termination Benefits	Exit Costs	Total
Balance at December 31, 2011	\$30	\$3	\$33
Charges to restructuring	31	20	51
Adjustments of accruals	(4	)	(4
Discontinued operations charges		3	3
Non-cash write-off		(2	) (2
Cash payments	(30	) (11	) (41
Balance at December 31, 2012	27	13	40
Charges to restructuring	23	11	34
Adjustments of accruals	(9	) (1	) (10
Discontinued operations charges		1	1
Cash payments	(27	) (13	) (40
Balance at December 31, 2013	14	11	25
Charges to restructuring	17	6	23
Adjustments of accruals	(2	)	(2
Cash payments	(18	) (8	) (26
Currency impact	1		1
Balance at December 31, 2014	\$12	\$9	\$21

At December 31, 2014, the accrued employee termination benefits relate to the reduction of approximately 200 employees to be completed over the next two years. The exit costs relate primarily to lease continuation obligations.

Cost to complete — The following table provides project-to-date and estimated future expenses for completion of our pending restructuring initiatives for our business segments.

	Expense Recognized		Total to Date	Future Cost to Complete
	Prior to 2014	2014		
Light Vehicle	\$8	\$2	\$10	\$2
Commercial Vehicle	28	19	47	11
Off-Highway	8	(1	) 7	
Power Technologies	2	1	3	
Discontinued operations	2		2	
Total	\$48	\$21	\$69	\$13

The future cost to complete includes estimated separation costs, primarily those associated with one-time benefit programs, and exit costs, including lease continuation costs, equipment transfers and other costs which are required to be recognized as closures are finalized or as incurred during the closure.

Note 6. Inventories

Inventory components at December 31 —

	2014	2013
Raw materials	\$304	\$337
Work in process and finished goods	398	381
Inventory reserves	(48	) (48
Total	\$654	\$670

Note 7. Supplemental Balance Sheet and Cash Flow Information

Supplemental balance sheet information at December 31 —

	2014	2013
Other current assets:		
Prepaid expenses	\$45	\$43
Deferred tax assets	50	59
Other	16	11
Total	\$111	\$113
Other noncurrent assets:		
Amounts recoverable from insurers	\$44	\$47
Deferred tax assets	217	73
Deferred financing costs	30	34
Pension assets, net of related obligations	3	8
Prepaid expenses	11	10
Other	32	24
Total	\$337	\$196
Property, plant and equipment, net:		
Land and improvements to land	\$207	\$233
Buildings and building fixtures	420	449
Machinery and equipment	1,700	1,640
Total cost	2,327	2,322
Less: accumulated depreciation	(1,151)	(1,097)
Net	\$1,176	\$1,225
	2014	2013
Other accrued liabilities (current):		
Non-income taxes payable	\$30	\$31
Warranty reserves	24	31
Work place injury costs	8	8
Asbestos claims obligations	13	13
Dividends payable		4
Deferred income	9	10
Accrued interest	25	40
Environmental	3	5
Payable under forward contracts	20	2
Other expense accruals	53	53
Total	\$185	\$197
Other noncurrent liabilities:		
Deferred income tax liability	\$33	\$100
Asbestos claims obligations	68	75
Income tax liability	75	64
Warranty reserves	23	23
Work place injury costs	31	32
Restructuring costs	12	11
Other noncurrent liabilities	37	46

Total

\$279

\$351

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Supplemental cash flow information —

	2014	2013	2012
Change in working capital:			
Change in accounts receivable	\$(32)	\$12	\$146
Change in inventories	(56)	50	38
Change in accounts payable	66	60	(173)
Change in accrued payroll and employee benefits	13	7	8
Change in accrued income taxes	(2)	(11)	23
Change in other current assets and liabilities	(28)	(14)	(21)
Net	\$(39)	\$104	\$21
Cash paid during the period for:			
Interest	\$122	\$72	\$71
Income taxes	\$116	\$136	\$98
Non-cash financing activities:			
Stock compensation plans	\$13	\$13	\$15
Conversion of preferred stock into common stock	\$372	\$139	\$—
Conversion of preferred dividends into common stock	\$3	\$1	\$—
Dividends on preferred stock accrued not paid	\$—	\$4	\$8
Per share preferred dividends not paid	\$—	\$1.00	\$1.00

Note 8. Stockholders' Equity

Preferred Stock

Issuance and dividends — We issued 2.5 million shares of our Series A Preferred and 5.4 million shares of our Series B Preferred on January 31, 2008. The Series A Preferred was sold to Centerbridge Partners, L.P. and certain of its affiliates (Centerbridge). The Series B Preferred was sold to certain other investors. Our 4.0% Series A Convertible Preferred Stock ceased accruing daily dividends as a result of redemption in August 2013. Our 4.0% Series B Convertible Preferred Stock ceased accruing daily dividends as a result of the conversion of all of the remaining outstanding shares on September 30, 2014.

In October 2014, we filed a certificate of elimination to amend the Restated Certificate of Incorporation to return the preferred shares that were designated to a series to the status of authorized but unissued shares of preferred stock, without designation as to series. There were no preferred shares outstanding at December 31, 2014. Preferred dividends of \$4 were accrued at December 31, 2013.

Series A Preferred stock redemption — In August 2013, we paid \$474 to redeem our Series A preferred shares, including \$3 of redemption costs. The amount paid exceeded the \$242 carrying value of our Series A preferred stock. The \$232 redemption premium was charged directly to accumulated deficit on our balance sheet. The redemption premium is treated like a dividend on preferred stock and deducted from net income attributable to the parent company in arriving at net income (loss) available to common stockholders.

Series B Preferred stock conversions — During 2014 and 2013, holders of 2,296,802 and 1,417,425 Series B preferred shares elected to convert those preferred shares into common stock and received 19,517,593 and 11,985,254 common shares. The common stock issued included shares to satisfy the accrued dividends owed to the converting Series B preferred stockholders. Based on the market price of Dana common stock on the date of conversion, the fair value of the conversions totaled \$409 and \$249. As of July 2, 2014, the per share closing price of our common stock exceeded \$22.24 for 20 consecutive trading days. As a result, we exercised our right to cause the conversion of all of the remaining outstanding Series B preferred shares at the conversion price of \$11.93 upon fulfillment of the required

90-day notice period ending September 30, 2014. We caused the conversion of 1,506,972 Series B shares with holders receiving 12,631,780 common shares valued at \$250 based on the market price of Dana common stock on the date of conversion. Dividends accrued on the Series B preferred shares as of September 30, 2014 were paid in cash in October 2014.

Common Stock

We are authorized to issue 450,000,000 shares of Dana common stock, par value \$0.01 per share. At December 31, 2014, there were 167,659,047 shares of our common stock issued and 166,070,057 shares outstanding, net of 1,588,990 in treasury shares. Treasury shares include those shares withheld at cost to satisfy tax obligations from stock awards issued under our share-based compensation plan in addition to share repurchases noted below.

Our Board of Directors declared a cash dividend of five cents per share of common stock in each quarter of 2014. Aggregate 2014 declared and paid dividends total \$32. Dividends accrue on restricted stock units (RSUs) granted under our stock compensation program and will be paid in cash or additional units when the underlying units vest.

Treasury stock — During 2014 we reissued 14,879,935 shares of treasury stock in conjunction with the conversion of 1,772,693 Series B preferred shares into common stock. The reissuance of the treasury shares resulted in a \$127 charge to additional paid-in capital as the carrying value of the treasury shares reissued exceeded the carrying value of the Series B preferred shares converted. We use the weighted-average pool price of our treasury shares at the date of reissuance to determine the carrying value of treasury shares reissued. In December 2014, we retired 14,600,000 shares of treasury stock. The \$294 excess of the cost of the treasury stock over the common stock par value, based on the weighted-average pool price of our treasury shares at the date of retirement, was charged to additional paid-in capital.

Share repurchase program — Our Board of Directors approved an expansion of our existing common stock repurchase program from \$1,000 to \$1,400 on July 30, 2014. The share repurchase program expires on December 31, 2015. The stock repurchases are subject to prevailing market conditions and other considerations. Under the program, we spent \$260 to repurchase 12,215,451 shares of our common stock during 2014 through open market transactions. Approximately \$311 remained available under the program for future share repurchases at December 31, 2014.

Changes in each component of AOCI of the parent —

	Parent Company Stockholders			Defined Benefit Plans	Accumulated Other Comprehensive Income (Loss)
	Foreign Currency Translation	Hedging	Investments		
Balance, December 31, 2011	\$(192)	\$(10)	\$10	\$(458)	\$(650)
Other comprehensive income (loss):					
Currency translation adjustments	(6)				(6)
Holding gains		9	1		10
Reclassification of amount to net income (a)		7			7
Plan amendments				(6)	(6)
Net actuarial losses				(174)	(174)
Reclassification adjustment for net actuarial losses included in net periodic benefit cost (b)				14	14
Tax (expense) benefit		(3)	1	14	12
Other comprehensive loss	(6)	13	2	(152)	(143)
Balance, December 31, 2012	(198)	3	12	(610)	(793)
Other comprehensive income (loss):					
Currency translation adjustments	(40)				(40)
Holding gains (losses)		4	(1)		3
Reclassification of amount to net income (a)		(8)	(8)		(16)
Venezuelan bolivar devaluation				2	2
Net actuarial gains				101	101
Reclassification adjustment for net actuarial losses included in net periodic benefit cost (b)				24	24
Tax expense				(5)	(5)
Other comprehensive income (loss)	(40)	(4)	(9)	122	69
Adjustment for purchase of noncontrolling interests	(4)	1			(3)
Balance, December 31, 2013	(242)	—	3	(488)	(727)
Other comprehensive income (loss):					
Currency translation adjustments	(185)				(185)
Holding gains (losses)		(12)	3		(9)
Reclassification of amount to net income (a)		2	(1)		1
Venezuelan bolivar devaluation				4	4
Net actuarial losses				(156)	(156)
Reclassification adjustment for net actuarial losses included in net periodic benefit cost (b)				60	60
Other				3	3
Tax benefit		1		11	12
Other comprehensive income (loss)	(185)	(9)	2	(78)	(270)
Balance, December 31, 2014	\$(427)	\$(9)	\$5	\$(566)	\$(997)

Notes:

(a) Foreign currency contract and investment reclassifications are included in other income, net.

(b) See Note 11 for additional details.

During the first quarter of 2013, Dana purchased the noncontrolling interests in three of its subsidiaries for \$7. Dana maintained its controlling financial interest in each of the subsidiaries and accounted for the purchases as equity transactions. The difference between the fair value of the consideration paid and the carrying value of the noncontrolling interests was recognized as additional paid-in capital of the parent company. At the time of the purchases the subsidiaries had accumulated other comprehensive income. Accumulated other comprehensive income of the parent company has been adjusted to reflect the ownership interest change with a corresponding offset to additional paid-in capital of the parent company.

Note 9. Earnings per Share

Reconciliation of the numerators and denominators of the earnings per share calculations —

	2014	2013	2012
Income from continuing operations	\$343	\$261	\$315
Less: Noncontrolling interests	9	16	15
Less: Preferred stock dividend requirements	7	25	31
Less: Preferred stock redemption premium		232	
Income (loss) from continuing operations available to common stockholders - Numerator basic	327	(12)	) 269
Preferred stock dividend requirements	7		31
Numerator diluted	\$334	\$(12)	) \$300
Net income (loss) available to common stockholders - Numerator basic	\$312	\$(13)	) \$269
Preferred stock dividend requirements	7		31
Numerator diluted	\$319	\$(13)	) \$300
Weighted-average number of shares outstanding - Denominator basic	158.0	146.4	148.0
Employee compensation-related shares, including stock options	1.2		2.0
Conversion of preferred stock	14.3		64.7
Denominator diluted	173.5	146.4	214.7

The share count for diluted earnings per share is computed on the basis of the weighted-average number of common shares outstanding plus the effects of dilutive common stock equivalents (CSEs) outstanding during the period. We excluded 0.3 million and 1.1 million CSEs from the calculations of diluted earnings per share for the years 2013 and 2012 as the effect of including them would have been anti-dilutive. In addition, we excluded CSEs that satisfied the definition of potentially dilutive shares of 1.5 million for 2013 since there was no net income available to common stockholders for this period.

We excluded 12.2 million shares related to the assumed conversion of our Series A preferred stock for 2013 and 39.9 million shares related to the assumed conversion of our Series B preferred stock for 2013, along with the adjustment for the related dividend requirements, as the conversions would have been anti-dilutive for the period.

Note 10. Stock Compensation

2012 Omnibus Incentive Plan

Our 2012 Omnibus Incentive Plan (the Plan), as approved by our stockholders, authorizes the grant of stock options, stock appreciation rights (SARs), RSUs and performance share units (PSUs) through April 2022. Cash-settled awards do not count against the maximum aggregate number. At December 31, 2014, there were 5.0 million shares available for future grants.

Award activity — (shares in millions)

	Options		SARs		RSUs		PSUs	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at								

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December 31, 2013	2.6	\$13.85	0.5	\$15.46	1.3	\$16.29	—	\$—
Granted					0.7	21.20	0.3	24.36
Exercised or vested	(0.6)	11.48	(0.1)	16.49	(0.4)	16.99		
Forfeited or expired	(0.1)	15.89			(0.1)	14.91		
December 31, 2014	1.9	\$14.46	0.4	\$15.18	1.5	\$18.18	0.3	\$24.36

	2014	2013	2012
Weighted-average per share grant-date fair value			
Stock options	N/A	\$7.46	\$7.88
SARs	N/A	7.45	7.84
Intrinsic value of awards exercised or vested			
Stock options / SARs	\$7	\$14	\$18
RSUs / PSUs	8	5	11

Compensation expense is generally measured based on the fair value at the date of grant and is recognized on a straight-line basis over the vesting period. For options and SARs, we use an option-pricing model to estimate fair value. For RSUs and PSUs, the fair value is based on the closing market price of our common stock at the date of grant. Awards that are settled in cash are subject to liability accounting. Accordingly, the fair value of such awards is remeasured at the end of each reporting period until settled or expired. We had accrued \$6 and \$5 for cash-settled awards at December 31, 2014 and 2013.

We recognized total stock compensation expense of \$16, \$16 and \$19 during 2014, 2013 and 2012. The total fair value of awards vested during 2014, 2013 and 2012 was \$13, \$10 and \$18. We received \$7, \$15 and \$10 of cash from the exercise of stock options and we paid \$2, \$4 and \$2 of cash to settle SARs, RSUs and PSUs during 2014, 2013 and 2012. We issued 0.3 million in RSUs in 2014 based on vesting. At December 31, 2014, the total unrecognized compensation cost related to the nonvested awards granted and expected to vest was \$20. This cost is expected to be recognized over a weighted-average period of 1.8 years.

Stock options and stock appreciation rights — The exercise price of each option or SAR equals the closing market price of our common stock on the date of grant. Options and SARs generally vest over three years and their maximum term is ten years. Shares issued upon the exercise of options are recorded as common stock and additional paid-in capital at the option price. SARs are settled in cash for the difference between the market price on the date of exercise and the exercise price.

We estimated fair values for options and SARs at the date of grant using the following key assumptions as part of the Black-Scholes option pricing model. The expected term was estimated using the simplified method because the limited period of time our common stock had been publicly traded provided insufficient historical exercise data. The risk-free rate was based on U.S. Treasury security yields at the time of grant. The dividend yield was calculated by dividing the expected annual dividend by the average stock price of our common stock over the prior year. The expected volatility was estimated using a combination of the historical volatility of similar entities and the implied volatility of our exchange-traded options.

	Options		SARs		
	2013	2012	2013	2012	
Expected term (in years)	6.00	6.00	6.00	6.00	
Risk-free interest rate	1.07	% 1.24	% 1.07	% 1.24	%
Dividend yield	1.41	% 1.33	% 1.41	% 1.33	%
Expected volatility	55.80	% 59.90	% 55.80	% 59.90	%

Restricted stock units and performance shares units — Each RSU or PSU granted represents the right to receive one share of Dana common stock or, at the election of Dana (for units awarded to board members) or for employees located outside the U.S. (for employee awarded units), cash equal to the market value per share. All RSUs contain dividend equivalent rights. RSUs granted to non-employee directors vest on the first anniversary date of the grant and those granted to employees generally cliff vest fully after three years. PSUs granted to employees are awarded if specified performance goals are achieved during the respective performance period.

The number of PSUs that ultimately vest is contingent on achieving specified return on invested capital targets and specified total shareholder return targets relative to peer companies. For the portion of the award based on the return on invested capital performance metric, we estimated the fair value of the PSUs at grant date based on the closing market price of our common stock at the date of grant adjusted for the value of assumed dividends over the period because the award is not dividend protected. For the portion of the award based on shareholder returns, we estimated the fair value of the PSUs at grant date using various assumptions as part of a Monte Carlo simulation. The expected term represents the period from the grant date to the end of the three-year performance period. The risk-free interest rate of 0.64% was based on U.S. Treasury constant maturity rates at the grant date. The dividend yield of 1.02% was calculated by dividing the expected annual dividend by the average stock price over the prior year. The expected volatility of 43.6% was based on historical volatility over the prior three years using daily stock price observations.

Outstanding awards expected to vest and exercisable or convertible at December 31, 2014 — (shares in millions)

	Equity Awards Outstanding Expected to Vest				Equity Awards Outstanding That are Exercisable or Convertible			
	Shares	Aggregate Intrinsic Value	Weighted-Average Exercise Price	Remaining Contractual Life in Years	Shares	Aggregate Intrinsic Value	Weighted-Average Exercise Price	Remaining Contractual Life in Years
Options / SARs	2.3	\$16	\$14.56	6.9	1.4	\$12	\$13.64	6.3
RSUs / PSUs	1.8	39	—	1.3	0.1	1	—	0.2

Annual cash incentive awards — Our 2012 Omnibus Incentive Plan provides for cash incentive awards. We make awards annually to certain eligible employees designated by Dana, including certain executive officers. Awards under the plan are based on achieving certain financial target performance goals. The performance goals of the plan are established annually by the Board of Directors.

Under the 2014, 2013 and 2012 programs, participants were eligible to receive annual cash awards based on achieving earnings and cash flow performance goals, with our 2013 program also including a component based on reduction of inventory days. Our long-term incentive programs include a performance-based cash award that consists of three individual annual awards with the related annual performance objectives established at the beginning of each year. Amounts earned under the three individual annual awards of the 2014, 2013 and 2012 long-term incentive programs cliff vest at the end of the respective three year periods covered by the long-term incentive programs. Our 2014, 2013 and 2012 long-term incentive programs included a cash-settled component which provided for payment if we achieved a certain return on invested capital. We accrued \$44, \$47 and \$40 of expense in 2014, 2013 and 2012 for the expected cash payments under these programs.

Note 11. Pension and Postretirement Benefit Plans

We sponsor various defined benefit, qualified and nonqualified, pension plans covering eligible employees. Other postretirement benefits (OPEB), including medical and life insurance, are provided for certain employees upon retirement.

We also sponsor various defined contribution plans that cover the majority of our employees. Under the terms of the qualified defined contribution retirement plans, employee and employer contributions may be directed into a number of diverse investments. None of these qualified defined contribution plans allow direct investment in our stock.

Components of net periodic benefit costs and other amounts recognized in OCI —

	Pension Benefits					
	2014		2013		2012	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Interest cost	\$80	\$11	\$74	\$11	\$85	\$12
Expected return on plan assets	(111)	(1)	(117)	(1)	(111)	(1)
Service cost		6		6		5
Amortization of net actuarial loss	16	3	20	4	14	
Settlement loss	36	6				
Other	(5)	(1)				
Net periodic benefit cost (credit)	16	24	(23)	20	(12)	16
Recognized in OCI:						
Amount due to net actuarial (gains) losses	93	53	(88)	(1)	131	51
Prior service cost from plan amendments						6
Reclassification adjustment for net actuarial losses in net periodic benefit cost	(52)	(9)	(20)	(4)	(14)	
Venezuelan bolivar devaluation		(4)		(2)		
Other	(2)	(1)				
Total recognized in OCI	39	39	(108)	(7)	117	57
Net recognized in benefit cost and OCI	\$55	\$63	\$(131)	\$13	\$105	\$73

	OPEB - Non-U.S.		
	2014	2013	2012
Interest cost	\$5	\$5	\$5
Service cost	1	1	1
Amortization of net actuarial gain	(1)		
Net periodic benefit cost	\$5	\$6	\$6
Recognized in OCI:			
Amount due to net actuarial (gains) losses	10	(12)	(8)
Reclassification adjustment for amortization of net actuarial gain	1		
Total recognized in OCI	11	(12)	(8)
Net recognized in benefit cost and OCI	\$16	\$(6)	\$(2)

Our U.S. defined benefit pension plans are frozen and no additional service cost is being accrued. The estimated net actuarial loss for the defined benefit pension plans that will be amortized from AOCI into benefit cost in 2015 is \$20 for our U.S. plans and \$7 for our non-U.S. plans. We use the corridor approach for purposes of systematically amortizing deferred gains or losses as a component of net periodic benefit cost into the income statement in future reporting periods. The amortization period used is generally the average remaining service period of active participants in the plan unless almost all of the plan's participants are inactive, in which case we use the average remaining life expectancy of the inactive participants. No portion of the estimated net actuarial gain related to OPEB plans will be amortized from AOCI into benefit cost in 2015.

During the third quarter of 2012, we recorded a \$6 charge to OCI for the prior service cost of a plan amendment resulting from a change in the Venezuelan labor code. This prior service cost was being amortized as a component of net periodic pension cost over the average future service period of active participants. The divestiture of our operations in Venezuela will result in the elimination of the related unrecognized pension expense of \$11, which includes the unamortized prior service cost.

Funded status — The following tables provide reconciliations of the changes in benefit obligations, plan assets and funded status.

	Pension Benefits				OPEB - Non-U.S.	
	2014		2013		2014	2013
	U.S.	Non-U.S.	U.S.	Non-U.S.		
Reconciliation of benefit obligation:						
Obligation at beginning of period	\$1,805	\$313	\$2,061	\$309	\$112	\$132
Interest cost	80	11	74	11	5	5
Service cost		6		6	1	1
Actuarial (gain) loss	212	54	(200)	(1)	10	(12)
Benefit payments	(124)	(16)	(130)	(15)	(6)	(6)
New plans		16				
Settlements	(133)	(7)		(2)		
Other	(17)	(11)				
Translation adjustments		(41)		5	(12)	(8)
Obligation at end of period	\$1,823	\$325	\$1,805	\$313	\$110	\$112

The amounts included on the Other line of the preceding table represent the error correction discussed in Note 1 to these consolidated financial statements and the reclassification of the amount related to our operations in Venezuela to noncurrent liabilities of disposal group held for sale as discussed in Note 2.

	Pension Benefits				OPEB - Non-U.S.	
	2014		2013		2014	2013
	U.S.	Non-U.S.	U.S.	Non-U.S.		
Reconciliation of fair value of plan assets:						
Fair value at beginning of period	\$1,649	\$42	\$1,734	\$42	\$—	\$—
Actual return on plan assets	230	2	5	1		
Employer contributions		16	40	17	6	6
Benefit payments	(124)	(16)	(130)	(15)	(6)	(6)
Settlements	(133)	(7)		(2)		
New plans		18				
Asset reversion		(6)				
Translation adjustments		(5)		(1)		
Fair value at end of period	\$1,622	\$44	\$1,649	\$42	\$—	\$—
Funded status at end of period	\$(201)	\$(281)	\$(156)	\$(271)	\$(110)	\$(112)

Amounts recognized in the balance sheet —

	Pension Benefits				OPEB - Non-U.S.	
	2014		2013		2014	2013
	U.S.	Non-U.S.	U.S.	Non-U.S.		
Amounts recognized in the consolidated balance						

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sheet:

Noncurrent assets	\$—	\$3	\$1	\$7	\$—	\$—
Current liabilities		(10)	(11) (5) (6
Noncurrent liabilities	(201) (274) (157) (267) (105) (106
Net amount recognized	\$(201	) \$(281	) \$(156	) \$(271	) \$(110	) \$(112

Amounts recognized in AOCI —

	Pension Benefits				OPEB - Non-U.S.	
	2014 U.S.	Non-U.S.	2013 U.S.	Non-U.S.	2014	2013
Amounts recognized in AOCI:						
Net actuarial loss (gain)	\$491	\$103	\$452	\$58	\$(9)	\$(20)
Prior service cost		3		10		
Gross amount recognized	491	106	452	68	(9)	(20)
Deferred tax benefits		(25)		(16)	3	5
Noncontrolling and equity interests				(1)		
Net amount recognized	\$491	\$81	\$452	\$51	\$(6)	\$(15)

We initiated a program in September 2014 under which certain former U.S. employees with vested pension benefits were offered lump sum payments to settle their pension obligations. The same participants were also offered the option to begin receiving monthly benefits soon after the program ended – earlier than previously allowed under the related plans. This voluntary program ended in early November with 71% of the participants in the program accepting accelerated payments. The lump sum payments were made in December. Together with routine settlements occurring in the U.S. throughout 2014, these actions resulted in the distribution of plan assets of \$133 to effect settlement of the related obligations. We charged earnings for \$36 to write off a pro rata portion of the cumulative actuarial loss related to the settled obligations. Because of differences in valuation methods, the reduction in pension obligations exceeded the assets distributed by \$38, which was credited to other comprehensive income as a component of the actuarial loss for 2014.

During the fourth quarter of 2014, a defined benefit pension plan in Canada distributed the remainder of its assets in accordance with the related agreement. We incurred a charge of \$6 to write off the remaining unrecognized pension expense related to this plan.

The other elements of the 2014 actuarial loss resulted from changes in assumptions and investment returns. Reducing our discount rate at the end of 2014 caused an increase in the U.S. pension benefit obligation and an actuarial loss of \$165. During the fourth quarter of 2014, the Society of Actuaries (SOA) issued new mortality tables (RP-2014) and mortality improvement scales (MP-2014). After studying our recent experience and evaluating the new tables, we adopted the RP-2014 Blue Collar table for hourly participants and the No Collar table for salaried participants in our U.S. plans. With respect to the improvement scales, the SOA had projected improvement from the beginning of 2008 after analyzing historical data through 2007. We compared actual experience for years after 2007 to the improvement projected in MP-2014 and, in concert with our actuarial advisers, considered other relevant data before concluding that a 0.75% long-term improvement rate (LTIR) for periods beginning with 2014 was appropriate and that the LTIR would be attained by 2020, sooner than the period assumed in MP-2014. Adopting the new mortality assumptions in 2014 caused an increase in our pension obligations and an actuarial loss of \$83. The actual return on U.S. plan assets provided a partial offset to these losses as it exceeded the assumed return by \$119.

Aggregate funding levels — The following table presents information regarding the aggregate funding levels of our defined benefit pension plans at December 31:

	2014		2013	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Plans with fair value of plan assets in excess of obligations:				
Accumulated benefit obligation	\$—	\$14	\$15	\$14

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Projected benefit obligation		14	15	15
Fair value of plan assets		16	16	22
Plans with obligations in excess of fair value of plan assets:				
Accumulated benefit obligation	1,823	283	1,790	266
Projected benefit obligation	1,823	311	1,790	298
Fair value of plan assets	1,622	28	1,633	20

At December 31, 2014, benefit obligations of \$268 for certain non-U.S. pension plans and \$110 for OPEB benefits are in plans that are not required to be funded.

Fair value of pension plan assets —

Asset Category	Total	Fair Value Measurements at December 31, 2014					
		U.S. Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv-able Inputs (Level 3)	Quoted Prices in Active Markets (Level 1)	Non-U.S. Significant Other Observable Inputs (Level 2)	Significant Unobserv-able Inputs (Level 3)
Equity securities:							
U.S. all cap (a)	\$76	\$76	\$—	\$—	\$—	\$—	\$—
U.S. large cap	76	76					
U.S. small cap	22	22					
EAFE composite	139	139					
Emerging markets	78	75			3		
Fixed income securities:							
U.S. core bonds (b)	132		132				
Corporate bonds	500		500				
U.S. Treasury strips	263		263				
Non-U.S. government securities	25					25	
Emerging market debt	69		69				
Alternative investments:							
Hedge fund of funds (c)	87			87			
Insurance contracts (d)	10						10
Real estate	50			50			
Other (e)	(3)		(3)				
Cash and cash equivalents	142		136			6	
Total	\$1,666	\$388	\$1,097	\$ 137	\$3	\$31	\$ 10

		Fair Value Measurements at December 31, 2013				
		U.S. Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Non-U.S. Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category	Total					
Equity securities:						
U.S. all cap (a)	\$90	\$90	\$—	\$—	\$—	\$—
U.S. large cap	72	72				
EAFE composite	155	155				
Emerging markets	76	76				
Fixed income securities:						
U.S. core bonds (b)	203		203			
Corporate bonds	494		494			
U.S. Treasury strips	207		207			
Non-U.S. government securities	11				11	
Emerging market debt	81		81			
Alternative investments:						
Hedge fund of funds (c)	83			83		
Insurance contracts (d)	11					11
Real estate	48			48		
Other (e)	(28)		(34)		6	
Cash and cash equivalents	188		174		14	
Total	\$1,691	\$393	\$1,125	\$131	\$31	\$11

Notes:

This category comprises a combination of small-, mid- and large-cap equity stocks that are allocated at the (a) investment manager's discretion. Investments include common and preferred securities as well as equity funds that invest in these instruments.

This category represents a combination of investment grade corporate bonds, sovereign bonds, Yankee bonds, asset (b) backed securities and U.S. government bonds. Investments include fixed income funds that invest in these instruments.

This category includes fund managers that invest in a well-diversified group of hedge funds where strategies (c) include, but are not limited to, event driven, relative value, long/short market neutral, multistrategy and global macro. Investments may be made directly or through pooled funds.

This category comprises contracts placed with insurance companies where the underlying assets are invested in (d) fixed interest securities.

Other assets in the U.S. represent interest rate derivatives which had a market value of \$(3) at December 31, 2014 (e) and \$(34) at December 31, 2013.

	2014			2013		
	U.S.	Non-U.S.		U.S.	Non-U.S.	
	Hedge fund of funds	Real Estate and Other	Insurance contract	Hedge fund of funds	Real Estate and Other	Insurance contract
Reconciliation of Level 3 Assets						
Fair value at beginning of period	\$83	\$48	\$11	\$78	\$46	\$9

Unrealized gains (losses) relating to:

Assets sold during the period

Assets still held at the reporting date

Purchases, sales and settlements

Fair value at end of period

4	5		8	4	2
	(3	) (1	) (3	) (2)
\$87	\$50	\$10	\$83	\$48	\$11

Valuation Methods

Equity securities — The fair value of equity securities is determined by either direct or indirect quoted market prices. When the value of assets held in separate accounts is not published, the value is based on the value of the underlying holdings, which are primarily direct quoted market prices on regulated financial exchanges.

Fixed income securities — The fair value of fixed income securities is determined by either direct or indirect quoted market prices. When the value of assets held in separate accounts is not published, the value is based on the value of the underlying holdings, which are primarily direct quoted market prices on regulated financial exchanges.

Hedge funds — The fair value of hedge funds is accounted for by a custodian. The custodian obtains valuations from underlying managers based on market quotes for the most liquid assets and alternative methods for assets that do not have sufficient trading activity to derive prices. We review with the custodian the methods used by the underlying managers to value the assets. We believe this is an appropriate methodology to obtain the fair value of these assets.

Insurance contracts — The fair value of insurance contracts is determined by reference to the contract provided by the insurance company. The fair values of the insurance contracts are based on the underlying investments included in the contract.

Real estate — The fair value of investments in real estate is provided by fund managers. The fund managers value the real estate investments via independent third party appraisals on a periodic basis. Assumptions used to revalue the properties are updated every quarter. We believe this is an appropriate methodology to obtain the fair value of these assets. For the component of the real estate portfolio under development, the investments are carried at cost until they are completed and valued by a third party appraiser.

Cash and cash equivalents — The fair value of cash and cash equivalents is set equal to its cost.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment policy — Target asset allocations of U.S. pension plans are established through an investment policy, which is updated periodically and reviewed by an Investment Committee, comprised of certain company officers and directors. The investment policy allows for a flexible asset allocation mix which is intended to provide appropriate diversification to lessen market volatility while assuming a reasonable level of economic risk.

Our policy recognizes that properly managing the relationship between pension assets and pension liabilities serves to mitigate the impact of market volatility on our funding levels. The investment policy permits plan assets to be invested in a number of diverse categories, including a Growth Portfolio, an Immunizing Portfolio and a Liquidity Portfolio. These sub-portfolios are intended to balance the generation of incremental returns with the management of overall risk.

The Growth Portfolio is invested in a diversified pool of assets in order to generate an incremental return with an acceptable level of risk. The Immunizing Portfolio is a hedging portfolio that may be comprised of fixed income securities and overlay positions. This portfolio is designed to offset changes in the value of the pension liability due to changes in interest rates. The Liquidity Portfolio is a cash portfolio designed to meet short-term liquidity needs and reduce the plans' overall risk. As a result of our diversification strategies, there are no significant concentrations of risk within the portfolio of investments.

The allocations among portfolios may be adjusted to meet changing objectives and constraints. We expect that as the funded status of the plans changes, we will increase or decrease the size of the Growth Portfolio in order to manage the risk of losses in the plan. As of December 31, 2014, the Growth Portfolio (U.S. and non-U.S. equities, core and high-yield fixed income, hedge fund of funds, real estate, emerging market debt and cash) comprises 46% of total assets, the Immunizing Portfolio (long duration U.S. Treasury strips, corporate bonds and cash) comprises 53% and

the Liquidity Portfolio (cash and short-term securities) comprises 1%. During 2014, the mid-points of the target ranges were 45.5% for the Growth Portfolio, 53.5% for the Immunizing Portfolio and 5% for the Liquidity Portfolio.

Significant assumptions — The significant weighted-average assumptions used in the measurement of pension benefit obligations at December 31 of each year and the net periodic benefit cost for each year are as follows:

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	2014		2013		2012		
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	
Pension benefit obligations:							
Discount rate	3.81	% 3.75	% 4.63	% 4.15	% 3.77	% 3.93	%
Net periodic benefit cost:							
Discount rate	4.63	% 4.15	% 3.77	% 3.93	% 4.57	% 4.98	%
Rate of compensation increase	N/A	3.77	% N/A	3.73	% N/A	3.14	%
Expected return on plan assets	7.00	% 3.41	% 7.00	% 3.35	% 7.00	% 3.74	%

The pension plan discount rate assumptions are evaluated annually in consultation with our outside actuarial advisers. Long-term interest rates on high quality corporate debt instruments are used to determine the discount rate. For our largest plans, discount rates are developed using a discounted bond portfolio analysis, with appropriate consideration given to defined benefit payment terms and duration of the liabilities.

The expected rate of return on plan assets was selected on the basis of our long-term view of return and risk assumptions for major asset classes. We define long-term as forecasts that span at least the next ten years. Our long-term outlook is influenced by a combination of return expectations by individual asset class, actual historical experience and our diversified investment strategy. We consult with and consider the opinions of financial professionals in developing appropriate capital market assumptions. Return projections are also validated using a simulation model that incorporates yield curves, credit spreads and risk premiums to project long-term prospective returns. The appropriateness of the expected rate of return is assessed on an annual basis and revised if necessary. We have a high percentage of total assets in fixed income securities since the benefit accruals are frozen for all of our U.S. pension plans. Based on this assessment, we have selected a 7.00% expected return on asset assumption for 2015 for our U.S. plans, the same rate we used for 2014.

The significant weighted-average assumptions used in the measurement of OPEB obligations at December 31 of each year and the net periodic benefit cost for each year are as follows:

	2014	2013	2012	
	Non-U.S.	Non-U.S.	Non-U.S.	
OPEB benefit obligations:				
Discount rate	3.84	% 4.65	% 3.90	%
Net periodic benefit cost:				
Discount rate	4.65	% 3.90	% 4.18	%
Initial health care costs trend rate	5.91	% 6.11	% 6.40	%
Ultimate health care costs trend rate	5.02	% 5.03	% 5.02	%
Year ultimate reached	2018	2018	2018	

The discount rate selection process was similar to the process used for the pension plans. Assumed health care cost trend rates have a significant effect on the health care obligation. To determine the trend rates, consideration is given to the plan design, recent experience and health care economics.

A one-percentage-point change in assumed health care cost trend rates would have the following effects for 2014:

	1% Point Increase	1% Point Decrease	
Effect on total of service and interest cost components	\$1	\$(1)
Effect on OPEB obligations	14	(12)

Estimated future benefit payments and contributions — Expected benefit payments by our pension and OPEB plans for each of the next five years and for the period 2020 through 2024 are as follows:

Year	Pension Benefits		OPEB
	U.S.	Non-U.S.	Non-U.S.
2015	\$ 132	\$ 14	\$ 5
2016	127	15	6
2017	123	16	6
2018	120	16	6
2019	116	16	6
2020 to 2024	555	113	30
Total	\$ 1,173	\$ 190	\$ 59

Pension benefits are funded through deposits with trustees that satisfy, at a minimum, the applicable funding regulations. OPEB benefits are funded as they become due. Projected contributions to be made during 2015 to the defined benefit pension plans are \$13 for our non-U.S. plans. Based on the current funded status of our U.S. plans, there are no minimum contributions required for 2015.

Multiemployer pension plans — We participate in the Steelworkers Pension Trust (SPT) multiemployer pension plan which provides pension benefits to substantially all of our U.S. union-represented employees. We also have a small participation in the IAM National Pension Fund. Benefit levels are set by trustees who manage the plans. Contributions are made in accordance with our collective bargaining agreements and rates are generally based on hours worked. The collective bargaining agreement expires May 31, 2017. The trustees of the SPT have provided us with the latest data available for the plan year ended December 31, 2014. As of that date, the plan is not fully funded. We could be held liable to the plan for our obligations as well as those of other employers as a result of our participation in the plan. Contribution rates could increase if the plan is required to adopt a funding improvement plan or a rehabilitation plan, if the performance of plan assets does not meet expectations or as a result of future collectively bargained wage and benefit agreements. If we choose to stop participating in the plan, we may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Pension Protection Act (PPA) defines a zone status for each plan. Plans in the green zone are at least 80% funded, plans in the yellow zone are at least 65% funded and plans in the red zone are generally less than 65% funded. The SPT plan has utilized extended amortization provisions to amortize its losses from 2008. The plan recertified its zone status after using the extended amortization provisions as allowed by law. The SPT plan has not implemented a funding improvement or rehabilitation plan, nor are such plans pending. Our contributions to the SPT have not exceeded 5% of the total contributions to the plan. Contributions in 2014 increased by approximately 5% after decreasing in 2013 as a result of plant closings and decreased employment levels.

Pension Fund	Employer Identification Number/ Plan Number	PPA Zone Status		Funding Plan Pending/ Implemented	Contributions by Dana			Surcharge Imposed
		2014	2013		2014	2013	2012	
SPT	23-6648508 / 499	Green	Green	No	\$9	\$9	\$10	No

Note 12. Marketable Securities

	2014			2013		
	Cost	Unrealized Gains (Losses)	Fair Value	Cost	Unrealized Gains (Losses)	Fair Value
U.S. government securities	\$38	\$—	\$38	\$27	\$—	\$27
Corporate securities	36		36	30	(1) 29
Certificates of deposit	23		23	21		21
Other	67	5	72	31	2	33

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Total marketable securities	\$ 164	\$ 5	\$ 169	\$ 109	\$ 1	\$ 110
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U.S. government securities include bonds issued by government-sponsored agencies and Treasury notes. Corporate securities include primarily debt securities. Other consists of investments in mutual and index funds. U.S. government securities, corporate debt and certificates of deposit maturing in one year or less, after one year through five years and after five years through ten years total \$32, \$64 and \$1 at December 31, 2014.

Note 13. Financing Agreements

Long-term debt at December 31 —

	Interest Rate	2014	2013
Senior Notes due February 15, 2019	6.500%	\$55	\$400
Senior Notes due February 15, 2021	6.750%	350	350
Senior Notes due September 15, 2021	5.375%	450	450
Senior Notes due September 15, 2023	6.000%	300	300
Senior Notes due December 15, 2024	5.500%	425	
Other indebtedness		79	99
Total		1,659	1,599
Less: current maturities		46	32
Total long-term debt		\$1,613	\$1,567

Other indebtedness includes borrowings from various financial institutions and capital lease obligations.

Scheduled principal payments on long-term debt as of December 31, 2014 —

	2015	2016	2017	2018	2019	Thereafter	Total
Debt maturities	\$46	\$42	\$21	\$5	\$17	\$1,528	\$1,659

Senior notes — In December 2014, we completed the sale of \$425 in senior unsecured notes. Interest on the December 2024 Notes is payable on June 15 and December 15 of each year beginning on June 15, 2015. Net proceeds of the offering totaled \$418. Financing costs of \$7 were recorded as deferred costs and are being amortized to interest expense over the life of the notes. The proceeds from the offering are being used to redeem our February 2019 Notes. See senior notes redemption discussion below.

We may redeem some or all of the December 2024 Notes at the following redemption prices (expressed as percentages of principal amount), plus accrued and unpaid interest to the redemption date, if redeemed during the 12-month period commencing on December 15 of the years set forth below:

Year	Redemption Price December 2024 Notes	
2019	102.750	%
2020	101.833	%
2021	100.917	%
2022	100.000	%
2023	100.000	%

Prior to December 15, 2019, we may redeem some or all of the December 2024 Notes at a price equal to the principal amount thereof, plus accrued and unpaid interest, plus a “make-whole” premium. We have not separated the make-whole premium from the underlying debt instrument to account for it as a derivative instrument as the economic characteristics and the risks of this embedded derivative are clearly and closely related to the economic characteristics and risks of the underlying debt.

At any time prior to December 15, 2017, we may redeem up to 35% of the original aggregate principal amount of the December 2024 Notes in an amount not to exceed the amount of proceeds of one or more equity offerings, at a price equal to 105.500% of the principal amount of such notes, plus accrued and unpaid interest thereon, provided that at

least 50% of the original aggregate principal amount of the December 2024 Notes remains outstanding after giving effect to any such redemption.

In July 2013, we completed the sale of \$750 in senior unsecured notes. Interest on the September 2021 Notes and September 2023 Notes is payable on March 15 and September 15 of each year beginning on March 15, 2014. Net proceeds of the offering totaled \$734. Financing costs of \$16 were recorded as deferred costs and are being amortized to interest expense

over the life of the notes. A portion of the net proceeds from the offering were used to repurchase all of our outstanding Series A preferred stock and to fund an accelerated common share repurchase transaction. The remaining net proceeds will be used to fund our previously authorized share repurchase program and for other general corporate purposes.

We may redeem some or all of the September 2021 Notes and the September 2023 Notes at the following redemption prices (expressed as percentages of principal amount), plus accrued and unpaid interest to the redemption date, if redeemed during the 12-month period commencing on September 15 of the years set forth below:

Year	Redemption Price			
	September 2021 Notes		September 2023 Notes	
2016	104.031	%		
2017	102.688	%		
2018	101.344	%	103.000	%
2019	100.000	%	102.000	%
2020	100.000	%	101.000	%
2021			100.000	%
2022			100.000	%

Prior to September 15, 2016 for the September 2021 Notes and prior to September 15, 2018 for the September 2023 Notes, we may redeem some or all of such notes at a price equal to the principal amount thereof, plus accrued and unpaid interest, plus a “make-whole” premium. We have not separated the make-whole premium from the underlying debt instrument to account for it as a derivative instrument as the economic characteristics and the risks of this embedded derivative are clearly and closely related to the economic characteristics and risks of the underlying debt.

At any time prior to September 15, 2016, we may redeem up to 35% of the original aggregate principal amount of each of the September 2021 Notes and September 2023 Notes in an amount not to exceed the amount of proceeds of one or more equity offerings, at a price equal to 105.375% (for the September 2021 Notes) and 106.000% (for the September 2023 Notes) of the principal amount of such notes, plus accrued and unpaid interest thereon, provided that at least 50% of the original aggregate principal amount of the September 2021 Notes (for redemptions of September 2021 Notes) and the September 2023 Notes (for redemptions of September 2023 Notes) remains outstanding after giving effect to any such redemption.

Interest on our February 2019 Notes and the February 2021 Notes is payable on February 15 and August 15 of each year beginning on August 15, 2011. We may redeem some or all of the February 2019 Notes and the February 2021 Notes at the following redemption prices (expressed as percentages of principal amount), plus accrued and unpaid interest to the redemption date, if redeemed during the 12-month period commencing on February 15 of the years set forth below:

Year	Redemption Price			
	February 2019 Notes		February 2021 Notes	
2015	103.250	%		
2016	101.625	%	103.375	%
2017	100.000	%	102.250	%
2018	100.000	%	101.125	%
2019			100.000	%
2020			100.000	%

Prior to February 15, 2015 for the February 2019 Notes and prior to February 15, 2016 for the February 2021 Notes, during any 12-month period, we may at our option redeem up to 10% of the aggregate principal amount of the notes at a redemption price equal to 103% of the principal amount, plus accrued and unpaid interest. Prior to these dates, we may redeem some or all of the notes at a price equal to the aggregate principal amount thereof, plus accrued and unpaid interest, plus a “make-whole” premium. We have not separated the make-whole premium from the underlying debt instrument to account for it as a derivative instrument as the economic characteristics and risks of this embedded derivative are clearly and closely related to the economic characteristics and risks of the underlying debt.

At any time prior to February 15, 2014 for the February 2019 Notes and February 15, 2015 for the February 2021 Notes, we may redeem up to 35% of the original aggregate principal amount of the notes in an amount not to exceed the amount of proceeds of one or more equity offerings, at a price equal to 106.5% (for the February 2019 Notes) and 106.75% (for the

February 2021 Notes) of the principal amount of such notes, plus accrued and unpaid interest thereon, provided that at least 65% of the original aggregate principal amount of the February 2019 Notes (for redemptions of February 2019 Notes) and February 2021 Notes (for redemptions of February 2021 Notes) remain outstanding after giving effect to any such redemption.

Senior notes redemption — During December 2014 we redeemed \$345 of our February 2019 Notes pursuant to a tender offer at a weighted average price equal to 104.116% plus accrued and unpaid interest. The \$19 loss on extinguishment of debt was charged to other income, net and includes the redemption premium and transaction costs associated with the tender offer and the write off of \$4 of previously deferred financing costs associated with the February 2019 Notes.

On December 9, 2014 we elected to redeem \$40 of our February 2019 Notes effective January 8, 2015 at a price equal to 103.000% plus accrued and unpaid interest. The notes redeemed on January 8, 2015 have been included in current portion of long-term debt as of December 31, 2014. On February 13, 2015 we elected to redeem the remaining \$15 of our February 2019 Notes effective March 16, 2015 at a price equal to 103.250% plus accrued and unpaid interest.

Revolving facility — On June 20, 2013, we received commitments from existing lenders for a \$500 amended and restated revolving credit facility (the Amended Revolving Facility) which expires on June 20, 2018. In connection with the Amended Revolving Facility, we paid \$3 in deferred financing costs to be amortized to interest expense over the life of the facility. We wrote off \$2 of previously deferred financing costs associated with our prior revolving credit facility to other income, net.

The Amended Revolving Facility is guaranteed by all of our domestic subsidiaries except for Dana Credit Corporation and Dana Companies, LLC and their respective subsidiaries (the guarantors) and grants a first priority lien on Dana's and the guarantors' accounts receivable and inventories and, under certain circumstances, to the extent Dana and the guarantors grant a first-priority lien on certain other assets and property, a second priority lien on such other assets and property.

Advances under the Amended Revolving Facility bear interest at a floating rate based on, at our option, the base rate or LIBOR (each as described in the revolving credit agreement) plus a margin based on the undrawn amounts available under the agreement as set forth below:

Remaining Borrowing Availability	Margin		LIBOR	
	Base Rate		Rate	
Greater than \$350	0.50	%	1.50	%
Greater than \$150 but less than or equal to \$350	0.75	%	1.75	%
\$150 or less	1.00	%	2.00	%

Commitment fees are applied based on the average daily unused portion of the available amounts under the Amended Revolving Facility. If the average daily unused portion of the revolving facility is less than 50%, the applicable fee will be 0.25% per annum. If the average daily unused portion of the revolving facility is equal to or greater than 50%, the applicable fee will be 0.375% per annum. Up to \$300 of the revolving facility may be applied to letters of credit, which reduces availability. We pay a fee for issued and undrawn letters of credit in an amount per annum equal to the applicable LIBOR margin based on a quarterly average availability under the revolving facility and a per annum fronting fee of 0.125%, payable quarterly.

There were no borrowings under the revolving facility at December 31, 2014 but we had utilized \$44 for letters of credit. Based on our borrowing base collateral of \$347, we had potential availability at December 31, 2014 under the revolving facility of \$303 after deducting the outstanding letters of credit.

European receivables loan facility — Effective December 31, 2013, we terminated our European accounts receivable backed credit facility (the European Facility). The European Facility was scheduled to terminate on March 8, 2016 and permitted borrowings up to €75 (\$103 at the December 31, 2013 exchange rate). No borrowings were outstanding under the European Facility as of the termination date. We wrote off \$2 of previously deferred financing costs associated with the European Facility to other income, net.

Debt covenants — At December 31, 2014, we were in compliance with the covenants of our financing agreements. Under the Amended Revolving Facility and the senior notes, we are required to comply with certain incurrence-based covenants customary for facilities of these types.

Note 14. Fair Value Measurements and Derivatives

In measuring the fair value of our assets and liabilities, we use market data or assumptions that we believe market participants would use in pricing an asset or liability including assumptions about risk when appropriate. Our valuation techniques include a combination of observable and unobservable inputs.

Fair value measurements on a recurring basis — Assets and liabilities that are carried in our balance sheet at fair value are as follows:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Inputs Observable (Level 2)	Significant Inputs Unobservable (Level 3)
December 31, 2014				
Marketable securities - current asset	\$ 169	\$ 72	\$ 97	\$ —
Currency forward contracts - current asset	2		2	
Currency forward contracts - current liability	11		11	
Currency swaps - current asset	—		—	
Currency swaps - current liability	9		9	
December 31, 2013				
Notes receivable - current asset	\$ 75	\$ —	\$ 75	\$ —
Marketable securities - current asset	110	33	77	
Currency forward contracts - current asset	3		3	
Currency forward contracts - current liability	2		2	
Currency swaps - noncurrent asset	2		2	
Currency swaps - noncurrent liability	2		2	

Changes in Level 3 recurring fair value measurements —

	2014	2013	2012
Notes receivable, including current portion			
Beginning of period	\$ —	\$ 129	\$ 116
Accretion of value (interest income)		11	14
Payment received and other		(61	) (1
Unrealized loss (OCI)		(4)
Transfer out (to Level 2)		(75)
End of period	\$ —	\$ —	\$ 129

During January 2014, we sold our interest in a payment-in-kind callable note to a third party for \$75. Accordingly, we reclassified the note to current assets and, with observable market value readily available, we reduced the unrealized gain and transferred the note from Level 3 to Level 2 at December 31, 2013.

Fair value of financial instruments — The financial instruments that are not carried in our balance sheet at fair value are as follows:

	2014 Carrying Value	Fair Value	2013 Carrying Value	Fair Value
Senior notes	\$ 1,580	\$ 1,643	\$ 1,500	\$ 1,567
Other indebtedness	79	77	99	98

Total	\$ 1,659	\$ 1,720	\$ 1,599	\$ 1,665
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The fair value of our senior notes is estimated based upon a market approach (Level 2) while the fair value of our other indebtedness is based upon an income approach (Level 2). See Note 13 for additional information about financing arrangements.

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Fair value measurements on a nonrecurring basis — In addition to items that are measured at fair value on a recurring basis, we also have long-lived assets that may be measured at fair value on a nonrecurring basis. These assets include intangible assets and property, plant and equipment which may be written down to fair value as a result of impairment.

Foreign currency derivatives — Our foreign currency derivatives include forward contracts associated with forecasted transactions, primarily involving the purchases and sales of inventory through the next eighteen months, as well as currency swaps associated with certain recorded intercompany loans receivable and payable.

The total notional amount of outstanding foreign currency forward contracts, involving the exchange of various currencies, was \$296 and \$252 as of December 31, 2014 and December 31, 2013. The total notional amount of outstanding foreign currency swaps was \$10 as of December 31, 2014, compared to \$297 as of December 31, 2013. The following foreign currency derivatives were outstanding at December 31, 2014 and 2013:

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Functional Currency	Traded Currency	Notional Amount (U.S. Dollar Equivalent)			Maturity
		Cash Flow Hedges	Undesignated	Total	
December 31, 2014:					
U.S. dollar	Mexican peso, Euro	\$107	\$3	\$110	Mar-16
Euro	U.S. dollar, Canadian dollar, Hungarian forint, British pound, Swiss franc, Indian rupee, Russian ruble	69	19	88	Jun-16
British pound	U.S. dollar, Euro	20	2	22	Mar-16
Swedish krona	Euro	17		17	Mar-16
South African rand	U.S. dollar, Euro		14	14	Jun-15
Thai baht	U.S. dollar, Australian dollar		21	21	Nov-15
Brazilian real	U.S. dollar, Euro		12	12	Nov-15
Indian rupee	U.S. dollar, British pound, Euro		12	12	Nov-15
Total forward contracts		213	83	296	
Indian rupee	U.S. dollar	—	10	10	Jun-15
Canadian dollar	Euro			—	
Total currency swaps		—	10	10	
Total foreign currency derivatives		\$213	\$93	\$306	
December 31, 2013:					
U.S. dollar	Mexican peso	\$97	\$—	\$97	Dec-14
Euro	U.S. dollar, Canadian dollar, Hungarian forint, British pound, Swiss franc, Indian rupee	54	19	73	Dec-14
British pound	U.S. dollar, Euro	19	1	20	Dec-14
Swedish krona	Euro	14	1	15	Dec-14
South African rand	U.S. dollar		8	8	Mar-14
Thai baht	U.S. dollar, Australian dollar		28	28	Oct-14
Indian rupee	U.S. dollar, British pound, Euro		11	11	Jun-14
Total forward contracts		184	68	252	
U.S. dollar	Canadian dollar, Euro		147	147	Feb-15
Canadian dollar	Euro		150	150	Mar-14
Total currency swaps		—	297	297	

Total foreign currency derivatives	\$184	\$365	\$549
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During the second quarter of 2014, concurrent with the cancellation of our Canadian dollar-denominated intercompany loan and one of our Euro-denominated intercompany loans, we terminated \$225 of associated currency swaps. During the fourth quarter of 2014, concurrent with the refinancing of certain intercompany loans, we terminated the remainder of our U.S. dollar-Euro currency swaps. The liabilities associated with a portion of the terminated swaps had not been settled at December 31, 2014 and are presented in the Fair value measurements on a recurring basis table above. No portion of the fair value of these terminated swaps had been deferred in accumulated other comprehensive income (AOCI). During the fourth quarter of

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2014, to mitigate the risk associated with another intercompany loan, we also executed a currency swap involving the exchange of U.S. dollars and Indian rupees.

Cash flow hedges — With respect to contracts designated as cash flow hedges, changes in fair value during the period in which the contracts remain outstanding are reported in OCI to the extent such contracts remain effective and the associated forecasted transactions remain probable. Effectiveness is measured by using regression analysis to determine the degree of correlation between the change in the fair value of the derivative instrument and the change in the associated foreign currency exchange rates. Changes in fair value of those contracts that are not designated as cash flow hedges are reported in income in the period in which the changes occur. Forward contracts associated with product-related transactions are marked to market in cost of sales while other contracts are marked to market through other income, net.

Amounts to be reclassified to earnings — Deferred gains or losses, which are reported in AOCI, are reclassified to earnings in the same periods in which the underlying transactions affect earnings. Amounts expected to be reclassified to earnings assume no change in the current hedge relationships or to December 31, 2014 market rates. Deferred losses of \$10 at December 31, 2014 are expected to be reclassified to earnings during the next twelve months. Amounts deferred were not significant at December 31, 2013. See Note 8 for additional details.

Note 15. Commitments and Contingencies

Asbestos personal injury liabilities — As part of our reorganization in 2008, assets and liabilities associated with personal injury asbestos claims were retained in Dana Corporation which was then merged into Dana Companies, LLC (DCLLC), a consolidated wholly-owned limited liability company. The assets of DCLLC include insurance rights relating to coverage against these liabilities, marketable securities and other assets which are considered sufficient to satisfy its liabilities. DCLLC had approximately 25,000 active pending asbestos personal injury liability claims at both December 31, 2014 and December 31, 2013. DCLLC had accrued \$81 for indemnity and defense costs for settled, pending and future claims at December 31, 2014, compared to \$88 at December 31, 2013. A fifteen-year time horizon was used to estimate the value of this liability.

At December 31, 2014, DCLLC had recorded \$52 as an asset for probable recovery from insurers for the pending and projected asbestos personal injury liability claims, compared to \$55 recorded at December 31, 2013. The recorded asset represents our assessment of the capacity of our current insurance agreements to provide for the payment of anticipated defense and indemnity costs for pending claims and projected future demands. The recognition of these recoveries is based on our assessment of our right to recover under the respective contracts and on the financial strength of the insurers. DCLLC has coverage agreements in place with insurers confirming substantially all of the related coverage and payments are being received on a timely basis. The financial strength of these insurers is reviewed at least annually with the assistance of a third party. The recorded asset does not represent the limits of our insurance coverage, but rather the amount DCLLC would expect to recover if the accrued indemnity and defense costs were paid in full.

DCLLC continues to process asbestos personal injury claims in the normal course of business, is separately managed and has an independent board member. The independent board member is required to approve certain transactions including dividends or other transfers of \$1 or more of value to Dana. Dana Holding Corporation has no obligation to increase its investment in or otherwise support DCLLC.

In 2013, other income includes proceeds of \$4 from the sale of our interest in claims pending in the liquidation proceedings of an insurer and other asbestos-related recoveries of \$7.

Other product liabilities — We had accrued \$1 for non-asbestos product liability costs at December 31, 2014 and 2013, with no recovery expected from third parties at either date. We estimate these liabilities based on assumptions about the value of the claims and about the likelihood of recoveries against us derived from our historical experience and current information.

Environmental liabilities — Accrued environmental liabilities were \$7 at December 31, 2014 and \$9 at December 31, 2013. We consider the most probable method of remediation, current laws and regulations and existing technology in determining the fair value of our environmental liabilities. Other accounts receivable included a related recoverable from an insurer of \$1 at both dates.

Guarantee of lease obligations — In connection with the divestiture of our Structural Products business in 2010, leases covering three U.S. facilities were assigned to a U.S. affiliate of Metalsa. Under the terms of the sale agreement, we will guarantee the affiliate's performance under the leases, which run through June 2025, including approximately \$6 of annual payments. In the event of a required payment by Dana as guarantor, we are entitled to pursue full recovery from Metalsa of the amounts paid under the guarantee and to take possession of the leased property.

Other legal matters — We are subject to various pending or threatened legal proceedings arising out of the normal course of business or operations. In view of the inherent difficulty of predicting the outcome of such matters, we cannot state what the eventual outcome of these matters will be. However, based on current knowledge and after consultation with legal counsel, we believe that the liabilities that may result from these proceedings will not have a material adverse effect on our liquidity, financial condition or results of operations.

In November 2013, we received an arbitration notice from Sypris Solutions, Inc. (Sypris), our largest supplier, concerning the existing long-term supply agreement that expired on December 31, 2014. Sypris also alleges that the companies entered into a new binding long-term supply agreement in July 2013. Dana has filed suit against Sypris requesting declaratory judgment relating to the Sypris claim that it entered into a new supply agreement with Dana in July 2013. These actions were pending as of the end of 2014. We dispute the Sypris claims and believe they are without merit.

Lease commitments — Cash obligations under future minimum rental commitments under operating leases and net rental expense are shown in the table below. Operating lease commitments are primarily related to facilities.

	2015	2016	2017	2018	2019	Thereafter	Total
Lease commitments	\$35	\$30	\$23	\$14	\$11	\$43	\$156
					2014	2013	2012
Rent expense					\$51	\$58	\$63

Note 16. Warranty Obligations

We record a liability for estimated warranty obligations at the dates our products are sold. We record the liability based on our estimate of costs to settle future claims. Adjustments are made as new information becomes available. Certain prior period amounts in the following table previously included in amounts accrued for current period sales have been reclassified to adjustments of prior period estimates.

Changes in warranty liabilities —

	2014	2013	2012
Balance, beginning of period	\$54	\$66	\$72
Amounts accrued for current period sales	19	17	20
Adjustments of prior estimates	18	6	4
Settlements of warranty claims	(41)	(34)	(31)
Currency impact	(3)	(1)	1
Balance, end of period	\$47	\$54	\$66

In 2007, we were notified of an alleged quality issue at a foreign subsidiary of Dana that produced engine coolers for a unit of Sogefi SpA (Sogefi) that were used in modules supplied to Volkswagen. In December 2014, we reached settlement agreements with Sogefi and their insurance carriers resulting in a charge to warranty expense that was not material.

Note 17. Income Taxes

Income tax expense (benefit) attributable to continuing operations —

	2014	2013	2012	
Current				
U.S. federal and state	\$ (5	) \$ 23	\$ 18
Non-U.S.	134	106	113	
Total current	129	129	131	
Deferred				
U.S. federal and state	(177	) (1)	
Non-U.S.	(22) (9) (80)
Total deferred	(199) (10) (80)
Total expense (benefit)	\$(70	) \$119	\$51

We record interest and penalties related to uncertain tax positions as a component of income tax expense or benefit. Net interest expense for the periods presented herein is not significant.

Income from continuing operations before income taxes —

	2014	2013	2012
U.S. operations	\$175	\$151	\$77
Non-U.S. operations	85	217	287
Income before income taxes	\$260	\$368	\$364

Income tax audits — We conduct business globally and, as a result, file income tax returns in multiple jurisdictions that are subject to examination by taxing authorities throughout the world. With few exceptions, we are no longer subject to U.S. federal, state and local or foreign income tax examinations for years before 2009. The U.S. federal income tax audits for 2011 and 2012 are expected to conclude in the first quarter of 2015, resulting in no incremental cash taxes.

We are currently under audit by U.S. and foreign authorities for certain taxation years. When the issues related to these periods are settled, the total amounts of unrecognized tax benefits for all open tax years may be modified. We accrued tax reserves of \$2 in 2014, \$6 in 2013 and \$4 in 2012 for an uncertain tax position in Italy. Audit outcomes and the timing of the audit settlements are subject to uncertainty and we cannot make an estimate of the impact on our financial position at this time.

Effective tax rate reconciliation for continuing operations —

	2014	2013	2012	
U.S. federal income tax rate	35	% 35	% 35	
Adjustments resulting from:				
State and local income taxes, net of federal benefit	1			
Non-U.S. income	(6) (4) (4)
Non-U.S. tax incentives	(4) (4) (5)
Non-U.S. withholding taxes on undistributed earnings of non-U.S. operations	4	5	4	
Settlement and return adjustments	3	1	2	
Miscellaneous items		1	(1)
Valuation allowance adjustments	(60) (2) (17)

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Effective income tax rate for operations (27)% 32 % 14 %

The income tax rate varies from the U.S. federal statutory rate of 35% due to establishment, release and adjustment of valuation allowances in several countries, nondeductible expenses, local tax incentives in several countries outside the U.S., different statutory tax rates outside the U.S. and withholding taxes related to repatriations of international earnings to the U.S.

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In 2014, income tax expense in the U.S. was reduced by \$179 for release of valuation allowances for income forecasted to be realized in 2015 in connection with certain tax planning actions expected to be completed in 2015. No tax benefit has been recognized on a charge of \$80 in 2014 relating to the divestiture of our Venezuela operations due to the existence of a valuation allowance, resulting in an increase in the effective tax rate. Valuation allowance releases of \$34 in Canada and \$20 in the U.K. favorably impacted the 2012 effective rate.

In 2013, income tax expense was reduced by \$7 for the impact of new tax legislation and tax rate changes outside the U.S. Additionally, non-U.S. income in each of the three years contributed to an effective tax rate of less than 35% due to lower statutory tax rates in the countries where we operate outside the U.S.

Foreign income repatriation — We provide for U.S. federal income and non-U.S. withholding taxes on the earnings of our non-U.S. operations that are not considered to be permanently reinvested. Accordingly, we continue to analyze and adjust the estimated tax impact of the income and non-U.S. withholding liabilities based on the amount and source of these earnings. We recognized net expense of \$3, \$8 and \$7 for 2014, 2013 and 2012 related to future income taxes and non-U.S. withholding taxes on repatriations from operations that are not permanently reinvested. We also accrued withholding taxes of \$7, \$13 and \$10 during 2014, 2013 and 2012 related to the actual transfer of funds to the U.S. and between foreign subsidiaries.

The earnings of our non-U.S. subsidiaries will likely be repatriated to the U.S. in the form of repayments of intercompany borrowings and distributions from earnings. Certain of our international operations had intercompany loan obligations to the U.S. totaling \$574 at the end of 2014. Included in this amount are intercompany loans and related interest accruals with an equivalent value of \$36 which are denominated in a foreign currency and considered to be permanently invested.

Valuation allowance adjustments — We have generally not recognized tax benefits on losses generated in several entities, including in the U.S., where the recent history of operating losses does not allow us to satisfy the “more likely than not” criterion for the recognition of deferred tax assets. Consequently, there is no income tax expense or benefit recognized on the pre-tax income or losses in these jurisdictions as valuation allowances are adjusted to offset the associated tax expense or benefit.

At December 31, 2014, we continue to carry a valuation allowance against certain deferred tax assets in the U.S. because, on a more likely than not basis, we have concluded that a significant portion of the U.S. deferred tax assets are not expected to be realized. When evaluating the continued need for this valuation allowance we consider all components of comprehensive income, and we weight the positive and negative evidence, putting greater reliance on objectively verifiable historical evidence than projections of future profitability that are dependent on actions that have not taken place as of the assessment date. We also consider the pro forma effects on historical profitability of actions that have occurred through the year of assessment and objectively verifiable effects of material forecasted events that have a sustained effect on future profitability, as well as the effect on historical profits of nonrecurring events. These effects included items such as the lost future interest income resulting from the prepayment on and subsequent sale of the payment-in-kind callable note receivable and the additional interest expense resulting from the \$750 senior unsecured notes payable issued in July 2013. We also consider the pro forma historical and prospective effects of tax planning strategies expected to be implemented. Our 2014 assessment considered the effects of certain tax planning actions which will be completed in 2015. A sustained return to profitability, after giving pro forma effect to implemented actions, planned actions and nonrecurring events, along with positive expectations for future profitability are necessary for a determination that a valuation allowance should be released.

In 2015, we expect to generate taxable income associated with certain tax planning actions. The gain and related income associated with these actions are estimated to generate tax of \$179. Although the actual gain and operating income may differ from the current estimate, we concluded that they were objectively verifiable and reasonably

estimated. While our U.S. operations have experienced improved profitability in recent years, our analysis of the income of the U.S. operations, as adjusted for pro forma effects of developments through 2014 and planned future actions, demonstrates historical losses as of December 31, 2014 with an uncertain forecast of near break-even results. Therefore, we have not achieved a level of sustained profitability that would, in our judgment, support a release of valuation allowance at December 31, 2014 beyond the \$179 relating to the income previously noted. While there may be opportunity for our U.S. operations to generate profits in the future, our near-term level of profitability is uncertain. The potential long-term profitability cannot be given as much weight in our analysis given the objectively verifiable lack of sustained pro forma historical profitability and uncertainty associated with the future U.S. operations. To the extent that our operations in the U.S., after giving effect to the planned aforementioned tax actions, are profitable in 2015 and our projections of profitability beyond 2015 are sufficiently positive based upon objective and verifiable assumptions, it is reasonably possible that we could release up to \$500 of the remaining valuation allowance against our U.S. deferred tax assets in the next twelve months.

During 2012, improvements in our operating results in Canada and the U.K., provided sufficient positive evidence to reduce the valuation allowances in those jurisdictions, resulting in tax benefits of \$34 and \$20.

Deferred tax assets and liabilities — Temporary differences and carryforwards give rise to the following deferred tax assets and liabilities.

	2014	2013	
Net operating loss carryforwards	\$654	\$788	
Postretirement benefits, including pensions	148	123	
Research and development costs	110	104	
Expense accruals	57	62	
Other tax credits recoverable	60	56	
Capital loss carryforwards	55	65	
Inventory reserves	18	17	
Postemployment and other benefits	4	4	
Other	25	28	
Total	1,131	1,247	
Valuation allowance	(728	) (982)
Deferred tax assets	403	265	
Unremitted earnings	(31	) (86)
Intangibles	(41	) (52)
Depreciation	(39	) (39)
Other	(58	) (59)
Deferred tax liabilities	(169	) (236)
Net deferred tax assets	\$234	\$29	

Carryforwards — Our deferred tax assets include benefits expected from the utilization of net operating loss (NOL), capital loss and credit carryforwards in the future. The following table identifies the net operating loss deferred tax asset components and the related allowances that existed at December 31, 2014. Due to time limitations on the ability to realize the benefit of the carryforwards, additional portions of these deferred tax assets may become unrealizable in the future.

	Deferred Tax Asset	Valuation Allowance	Carryforward Period	Earliest Year of Expiration
Net operating losses				
U.S. federal	\$432	\$(261	) 20	2028
U.S. state	122	(114	) Various	2015
Brazil	26	(14	) Unlimited	
France	13		Unlimited	
Australia	33	(33	) Unlimited	
U.K.	8	(4	) Unlimited	
Argentina	17	(17	) 5	2015
Other	3	(3	) Unlimited	
Total	\$654	\$(446)	

In addition to the NOL carryforwards listed in the table above, we have deferred tax assets related to capital loss carryforwards of \$55 which are fully offset with valuation allowances at December 31, 2014. We also have deferred tax assets of \$60 related to other credit carryforwards which are offset with \$57 of valuation allowances at

December 31, 2014. The capital losses can be carried forward indefinitely while the other credits are generally available for 10 to 20 years with portions currently expiring. We also have a deferred tax asset of \$31 related to NOLs for excess tax benefits generated upon the settlement of stock awards that increased a current year net operating loss. We cannot record the benefit of these losses in the financial statements until the losses are utilized to reduce our income taxes payable at which time we will recognize the tax benefit in equity.

The use of a portion of our \$1,235 U.S. federal NOL as of December 31, 2014 is subject to limitation due to the change in ownership of our stock upon emergence from bankruptcy. Generally, the application of the relevant Internal Revenue Code (IRC) provisions will release the limitation on \$84 of pre-change NOLs each year, allowing pre-change losses to offset post-change taxable income. Through further evaluation and audit adjustment, and after considering U.S. taxable income in 2014, we estimate that \$677 of our U.S. federal NOLs remains subject to limitation as of December 31, 2014. The remainder of our U.S. federal NOLs represents a combination of post-change NOLs and pre-change NOLs on which the limitation has been released. However, there can be no assurance that trading in our shares will not effect another change in ownership under the IRC which would further limit our ability to utilize our available NOLs.

Unrecognized tax benefits — Unrecognized tax benefits are the difference between a tax position taken, or expected to be taken, in a tax return and the benefit recognized for accounting purposes. Interest income or expense, as well as penalties relating to income tax audit adjustments and settlements, are recognized as components of income tax expense or benefit. Interest of \$6 and \$5 was accrued on the uncertain tax positions as of December 31, 2014 and 2013.

Reconciliation of gross unrecognized tax benefits —

	2014	2013	2012
Balance, beginning of period	\$ 101	\$ 108	\$ 46
Decrease related to expiration of statute of limitations	(3	) (7	) (9
Increase (decrease) related to prior years tax positions		(6	) 63
Increases related to current year tax positions	25	6	8
Decrease related to settlements	(14)	
Balance, end of period	\$ 109	\$ 101	\$ 108

We anticipate that our gross unrecognized tax benefits will decrease by \$13 in the next twelve months upon the expected completion of examinations in various jurisdictions. The settlement of these matters will not impact the effective tax rate. Gross unrecognized tax benefits of \$61 would impact the effective tax rate if recognized. If other open matters are settled with the IRS or other taxing jurisdictions, the total amounts of unrecognized tax benefits for open tax years may be modified.

Note 18. Other Income, Net

	2014	2013	2012
Interest income	\$ 15	\$ 25	\$ 24
Government grants and incentives	4	3	8
Foreign exchange gain (loss)	11	(5	) (15
Strategic transaction expenses	(3	) (4	) (10
Write-off of deferred financing costs		(4)
Gain on sale of marketable securities		9	
Recognition of unrealized gain on payment-in-kind note receivable	2	5	
Insurance and other recoveries	2	13	2
Impairment of long-lived assets			(2
Other	17	13	12
Other income, net	\$ 48	\$ 55	\$ 19

Interest income decreased from 2013 as a result of selling our payment-in-kind note receivable during the first quarter of 2014. The receipt of a payment on our payment-in-kind note receivable during the second quarter of 2013 resulted in the recognition of a portion of the related unrealized gain that arose following the valuation of the note receivable below its callable value at emergence from bankruptcy. The subsequent sale of the payment-in-kind note receivable

during the first quarter of 2014 resulted in the recognition of the remaining unrealized gain. See Note 14 for additional information.

During 2013 we recorded \$3 of interest income as a result of a favorable legal ruling related to recovery of gross receipts tax paid in Brazil in earlier periods.

Foreign exchange gains and losses on cross-currency intercompany loan balances that are not considered permanently invested are reported above. Foreign exchange gains and losses on intercompany loans that are permanently invested are reported in OCI. As discussed in Note 1 above, effective March 31, 2014, we ceased using the official exchange rate of 6.3 and began using the SICAD rate, which was 10.7 bolivars per U.S. dollar (as published by the Central Bank of Venezuela) at March

31, 2014, to remeasure the financial statements of our Venezuelan subsidiaries. The change to the SICAD rate resulted in a charge of \$17 during the first quarter of 2014. After remaining relatively unchanged during the second quarter the SICAD rate declined to 12.0 bolivars per U.S. dollar at September 30, 2014, resulting in a remeasurement charge of \$3 during the third quarter. During 2014 we realized gains of \$8 as CENCOEX approved a portion of our pending claims to settle U.S. dollar obligations at the official exchange rate of 6.3. Also during 2014 we realized net gains of \$14 on sales and purchases of U.S. dollars through SICAD 2 at average rates of 49.9 bolivars per U.S. dollar. The foreign exchange gains and losses associated with our Venezuelan subsidiaries are included in the segment EBITDA of our Light Vehicle operating segment. Foreign exchange loss for 2013 includes a first quarter charge of \$6 resulting from the February 2013 devaluation of Venezuela's official exchange rate from 4.3 to 6.3 bolivars per U.S. dollar. The charge was largely recovered over the balance of 2013 as the Venezuelan government allowed certain transactions to be settled at the former exchange rate.

Strategic transaction expenses relate primarily to costs incurred in connection with acquisition and divestiture related activities.

As discussed in Note 13 above, during 2013 we wrote off previously deferred financing costs associated with our prior revolving credit facility and our terminated European Facility.

During 2014 we received a payment from the liquidation proceedings of insurers. During 2013, we sold claims pending in the liquidation proceedings of an insurer to a third party, received payments from the liquidation proceedings of insurers and recorded an insurance recovery related to business interruptions resulting from flooding in Thailand.

As part of correcting overstatements of our pension and postretirement obligations and goodwill in September 2014, we credited other income, net for \$6 to effectively reverse a portion of the write-off of goodwill assigned to our former Driveshaft segment in 2008. See Note 1 for additional information.

Note 19. Segments, Geographical Area and Major Customer Information

We are a global provider of high technology driveline, sealing and thermal-management products for virtually every major vehicle manufacturer in the on-highway and off-highway markets. Our driveline products – axles, driveshafts and transmissions – are delivered through our Light Vehicle, Commercial Vehicle and Off-Highway operating segments. Our fourth global operating segment – Power Technologies – is the center of excellence for the sealing and thermal technologies that span all customers in our on-highway and off-highway markets. These operating segments have global responsibility and accountability for business commercial activities and financial performance.

Dana evaluates the performance of its operating segments based on external sales and segment EBITDA. Segment EBITDA is a primary driver of cash flows from operations and a measure of our ability to maintain and continue to invest in our operations and provide shareholder returns. Our segments are charged for corporate and other shared administrative costs. Segment EBITDA may not be comparable to similarly titled measures reported by other companies.

Segment information —

	External Sales	Inter- Segment Sales	Segment EBITDA	Capital Spend	Depreciation	Net Assets
2014						
Light Vehicle	\$2,496	\$139	\$250	\$129	\$63	\$1,002
Commercial Vehicle	1,838	92	172	38	34	869
Off-Highway	1,231	37	169	23	21	344
Power Technologies	1,052	19	154	30	32	442
Eliminations and other		(287)	)	14	14	403
Total	\$6,617	\$—	\$745	\$234	\$164	\$3,060
2013						
Light Vehicle	\$2,549	\$124	\$242	\$82	\$67	\$970
Commercial Vehicle	1,860	119	194	40	44	938
Off-Highway	1,330	44	163	33	18	379
Power Technologies	1,030	21	150	33	35	454
Eliminations and other		(308)	)	21	11	338
Total	\$6,769	\$—	\$749	\$209	\$175	\$3,079
2012						
Light Vehicle	\$2,743	\$186	\$263	\$47	\$82	\$1,068
Commercial Vehicle	1,960	134	199	30	38	860
Off-Highway	1,509	54	189	22	18	409
Power Technologies	1,012	21	137	24	41	471
Eliminations and other		(395)	)	41	11	435
Total	\$7,224	\$—	\$788	\$164	\$190	\$3,243

Net assets include certain cash balances, accounts receivable, inventories, other current assets, certain intangibles, investments in affiliates, other noncurrent assets, net property, plant and equipment, notes payable and short term debt, accounts payable and current accrued liabilities.

Reconciliation of segment EBITDA to consolidated net income —

	2014	2013	2012	
Segment EBITDA	\$745	\$749	\$788	
Corporate expense and other items, net	1	(2	) (11)
Expenses previously allocated to Structures			(1)
Depreciation	(164	) (175	) (188)
Amortization of intangibles	(49	) (87	) (87)
Restructuring	(21	) (24	) (47)
Stock compensation expense	(16	) (16	) (17)
Strategic transaction expenses and other items	6	(4	) (7)
Loss on disposal group held for sale	(80)		
Pension settlement charges	(42)		
Loss on extinguishment of debt	(19)		
Write-off of deferred financing costs		(4)	
Recognition of unrealized gain on payment-in-kind note receivable	2	5		
Impairment and loss on sale of assets			(6)
Interest expense	(118	) (99	) (84)
Interest income	15	25	24	
Income from continuing operations before income taxes	260	368	364	
Income tax expense (benefit)	(70	) 119	51	
Equity in earnings of affiliates	13	12	2	
Income from continuing operations	343	261	315	
Loss from discontinued operations	(15	) (1) —	
Net income	\$328	\$260	\$315	

Reconciliation of segment net assets to consolidated total assets —

	2014	2013
Segment net assets	\$3,060	\$3,079
Accounts payable and other current liabilities	1,261	1,268
Other current and long-term assets	609	782
Consolidated total assets	\$4,930	\$5,129

Geographic information — Of our 2014 consolidated net sales, the U.S., Italy, Brazil and Germany account for 42%, 11%, 8% and 6%, respectively. No other country accounts for more than 5% of our consolidated net sales. Sales are attributed to the location of the product entity recording the sale. Long-lived assets represent property, plant and equipment.

	Net Sales			Long-Lived Assets		
	2014	2013	2012	2014	2013	2012
North America						
United States	\$2,760	\$2,559	\$2,975	\$368	\$311	\$300
Other North America	366	399	396	111	131	138
Total	3,126	2,958	3,371	479	442	438
Europe						
Italy	703	734	731	61	71	64
Germany	429	410	408	106	124	118
Other Europe	846	850	882	151	161	158
Total	1,978	1,994	2,021	318	356	340
South America						
Brazil	505	639	574	119	129	136
Other South America	266	344	351	22	56	73
Total	771	983	925	141	185	209
Asia Pacific	742	834	907	238	242	252
Total	\$6,617	\$6,769	\$7,224	\$1,176	\$1,225	\$1,239

Sales to major customers — Ford is the only individual customer to whom sales have exceeded 10% of our consolidated sales in the past three years. Sales to Ford for the three most recent years were \$1,217 (18%) in 2014, \$1,226 (18%) in 2013 and \$1,254 (17%) in 2012.

Note 20. Equity Affiliates

We have a number of investments in entities that engage in the manufacture of vehicular parts – primarily axles, driveshafts and wheel-end braking systems – supplied to OEMs.

Dividends received from equity affiliates were \$16, \$10 and \$3 in 2014, 2013 and 2012.

Equity method investments exceeding \$5 at December 31, 2014 —

	Ownership Percentage	Investment
Dongfeng Dana Axle Co., Ltd.	50%	\$143
Bendix Spicer Foundation Brake, LLC	20%	45
Axles India Limited	48%	6
All others as a group		8
Investments in equity affiliates		202
Investment in affiliates carried at cost		2
Investment in affiliates		\$204

Our equity method investments in Dongfeng Dana Axle Co., Ltd. (DDAC), Bendix Spicer Foundation Brake, LLC and Axles India Limited are included in the net assets of our Commercial Vehicle operating segment.

The carrying value of our equity method investments at December 31, 2014 was \$74 more than our share of the affiliates' book value, including \$48 attributable to goodwill. The difference between the investment carrying value and the amount of underlying equity in assets, excluding the \$48 attributable to goodwill, is being amortized on a straight-line basis over the underlying assets' estimated useful lives of five to forty-five years.

Summarized financial information for DDAC and other equity affiliates on a combined basis —

	DDAC			Other Equity Affiliates Combined		
	2014	2013	2012	2014	2013	2012
Sales	\$762	\$835	\$683	\$564	\$497	\$522
Gross profit	\$82	\$82	\$68	\$100	\$79	\$75
Pre-tax income	\$23	\$19	\$8	\$33	\$25	\$21
Net income	\$17	\$20	\$7	\$32	\$24	\$16
Dana's equity earnings in affiliate	\$5	\$7	\$(1	) \$8	\$5	\$3

	DDAC		Other Equity Affiliates Combined	
	2014	2013	2014	2013
Current assets	\$552	\$663	\$192	\$164
Noncurrent assets	177	167	73	69
Total assets	\$729	\$830	\$265	\$233
Current liabilities	\$506	\$613	\$123	\$104
Noncurrent liabilities	61	42	13	11
Total liabilities	\$567	\$655	\$136	\$115

Dana Holding Corporation
 Quarterly Results (Unaudited)
 (In millions, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2014				
Net sales	\$1,688	\$1,710	\$1,637	\$1,582
Gross margin	\$234	\$248	\$240	\$223
Net income	\$37	\$90	\$93	\$108
Net income attributable to the parent company	\$34	\$86	\$90	\$109
Net income per share available to parent company common stockholders				
Basic	\$0.21	\$0.54	\$0.56	\$0.65
Diluted	\$0.19	\$0.49	\$0.52	\$0.64
2013				
Net sales	\$1,676	\$1,800	\$1,669	\$1,624
Gross margin	\$214	\$259	\$235	\$212
Net income	\$50	\$96	\$71	\$43
Net income attributable to the parent company	\$42	\$92	\$68	\$42
Preferred stock redemption premium			\$232	
Net income (loss) per share available to parent company common stockholders				
Basic	\$0.23	\$0.58	\$(1.16)	) \$0.26
Diluted	\$0.19	\$0.44	\$(1.16)	) \$0.23

Note: Gross margin is net sales less cost of sales.

Net income for the fourth quarter of 2014 includes an \$80 loss on the disposal group held for sale, \$42 of pension settlement charges, a \$19 loss on extinguishment of debt and deferred tax asset valuation allowance release of \$179. The amount paid in the third quarter of 2013 to redeem our Series A preferred stock exceeded the carrying value. This redemption premium is treated like a dividend on preferred stock and deducted from net income attributable to the parent company in arriving at net income (loss) available to common stockholders.

Dana Holding Corporation
 Schedule II
 Valuation and Qualifying Accounts and Reserves
 (In millions)

	Balance at beginning of period	Amounts charged (credited) to income	Allowance utilized	Adjustments arising from change in currency exchange rates and other items	Balance at end of period
For the Year Ended December 31, 2014					
Amounts deducted from assets:					
Allowance for doubtful receivables	\$7	\$1	\$(1)	\$(1)	\$6
Inventory reserves	48	20	(15)	(5)	48
Valuation allowance for deferred tax assets	982	(246)	(7)	(1)	728
Total allowances deducted from assets	\$1,037	\$(225)	\$(23)	\$(7)	\$782
For the Year Ended December 31, 2013					
Amounts deducted from assets:					
Allowance for doubtful receivables	\$8	\$—	\$(1)	\$—	\$7
Inventory reserves	51	16	(19)	—	48
Valuation allowance for deferred tax assets	1,184	(143)	(8)	(51)	982
Total allowances deducted from assets	\$1,243	\$(127)	\$(28)	\$(51)	\$1,037
For the Year Ended December 31, 2012					
Amounts deducted from assets:					
Allowance for doubtful receivables	\$8	\$1	\$(1)	\$—	\$8
Inventory reserves	55	6	(12)	2	51
Valuation allowance for deferred tax assets	1,334	(114)	(79)	43	1,184
Total allowances deducted from assets	\$1,397	\$(107)	\$(92)	\$45	\$1,243

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure controls and procedures — Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-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. Based on such evaluations, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

Management's report on internal control over financial reporting — Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that, as of December 31, 2014, our internal control over financial reporting was effective.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2014, as stated in its report which is included herein.

Changes in internal control over financial reporting — There has been no change in our internal control over financial reporting during the quarter ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Dana has adopted Standards of Business Conduct that apply to all of its officers and employees worldwide. Dana also has adopted Standards of Business Conduct for the Board of Directors. Both documents are available on Dana's Internet website at <http://www.dana.com/investors>.

The remainder of the response to this item will be included under the sections captioned "Corporate Governance," "Selection of Chairman and Chief Executive Officer; Succession Planning," "Information About the Nominees," "Risk Oversight," "Committees and Meetings of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" of Dana's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 30, 2015, which sections are hereby incorporated herein by reference.

Item 11. Executive Compensation

The response to this item will be included under the sections captioned "Compensation Committee Interlocks and Insider Participation," "Compensation of Executive Officers," "Compensation Discussion and Analysis," "Compensation of Directors," "Officer Stock Ownership Guidelines," "Compensation Committee Report," "Summary Compensation Table," "Grants of Plan-Based Awards at Fiscal Year-End," "Outstanding Equity Awards at Fiscal Year-End," "Option Exercises and Stock Vested During Fiscal Year," "Pension Benefits," "Nonqualified Deferred Compensation at Fiscal Year-End," "Executive Agreements" and "Potential Payments and Benefits Upon Termination or Change in Control" of Dana's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 30, 2015, which sections are hereby incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The response to this item will be included under the section captioned "Security Ownership of Certain Beneficial Owners and Management" of Dana's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 30, 2015, which section is hereby incorporated herein by reference.

Equity Compensation Plan Information

The following table contains information as of December 31, 2014 about shares of stock which may be issued under our equity compensation plans, all of which have been approved by our shareholders.

(Shares in millions) Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(1)	Weighted Average Exercise Price of Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(2)	Number of Securities Remaining Available for Future Issuance
Equity compensation plans approved by security holders	3.5	\$ 14.46	5.0
Equity compensation plans not approved by security holders	—	—	—
Total	3.5	\$ 14.46	5.0

Notes:

(1) In addition to stock options, restricted stock units and performance shares have been awarded under Dana's equity compensation plans and were outstanding at December 31, 2014.

(2) Calculated without taking into account the 1.6 shares of common stock subject to outstanding restricted stock and performance share units that become issuable as those units vest since they have no exercise price and no cash consideration or other payment is required for such shares.

Item 13. Certain Relationships and Related Transactions and Director Independence

The response to this item will be included under the sections captioned “Director Independence and Transactions of Directors with Dana,” “Transactions of Executive Officers with Dana” and “Information about the Nominees” of Dana’s definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 30, 2015, which sections are hereby incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The response to this item will be included under the section captioned "Independent Auditors" of Dana's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 30, 2015, which section is hereby incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

	10-K Pages
(a) List of documents filed as a part of this report:	
1. Consolidated Financial Statements:	
Report of Independent Registered Public Accounting Firm	<u>38</u>
Consolidated Statement of Operations	<u>39</u>
Consolidated Statement of Comprehensive Income	<u>40</u>
Consolidated Balance Sheet	<u>41</u>
Consolidated Statement of Cash Flows	<u>42</u>
Consolidated Statement of Stockholders' Equity	<u>43</u>
Notes to Consolidated Financial Statements	<u>44</u>
2. Quarterly Results (Unaudited)	<u>87</u>
3. Financial Statement Schedule:	
Valuation and Qualifying Accounts and Reserves (Schedule II)	<u>88</u>
All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.	
4. Exhibit Index	<u>94</u>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

DANA HOLDING CORPORATION

Date: February 20, 2015

By: /s/ Roger J. Wood
Roger J. Wood
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 20th day of February 2015 by the following persons on behalf of the registrant and in the capacities indicated, including a majority of the directors.

Signature	Title
/s/ Roger J. Wood Roger J. Wood	President and Chief Executive Officer (Principal Executive Officer)
/s/ William G. Quigley III William G. Quigley III	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Rodney R. Filcek Rodney R. Filcek	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
/s/ Virginia A. Kamsky* Virginia A. Kamsky	Director
/s/ Terrence J. Keating* Terrence J. Keating	Director
/s/ R. Bruce McDonald* R. Bruce McDonald	Director
/s/ Joseph C. Muscari* Joseph C. Muscari	Non-Executive Chairman and Director
/s/ Mark A. Schulz* Mark A. Schulz	Director
/s/ Keith E. Wandell* Keith E. Wandell	Director
*By: /s/ Marc S. Levin Marc S. Levin, Attorney-in-Fact	

EXHIBIT INDEX

All documents referenced below were filed by Dana Corporation or Dana Holding Corporation (as successor registrant) - file number 001-01063, unless otherwise indicated.

No.	Description
3.1	Second Restated Certificate of Incorporation of Dana Holding Corporation. Filed as Exhibit 3.2 to Registrant's Current Report on Form 8-K dated October 29, 2014, and incorporated herein by reference.
3.2	Amended and Restated Bylaws of Dana Holding Corporation. Filed as Exhibit 3.3 to Registrant's Current Report on Form 8-K dated October 29, 2014, and incorporated herein by reference.
4.1	Specimen Common Stock Certificate. Filed as Exhibit 4.1 to Registrant's Registration Statement on Form 8-A dated January 31, 2008, and incorporated herein by reference.
4.2	Indenture, dated as of January 28, 2011, among Dana and Wells Fargo Bank, National Association, as trustee. Filed as Exhibit 4.6 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and incorporated herein by reference.
4.3	First Supplemental Indenture, among Dana and Wells Fargo Bank, National Association, as trustee. Filed as Exhibit 4.7 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and incorporated herein by reference.
4.4	Second Supplemental Indenture, dated August 2, 2013, with respect to the Indenture, dated January 28, 2011, between Dana Holding Corporation and Wells Fargo Bank, National Association, as trustee. Filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated August 5, 2013, and incorporated herein by reference.
4.5	Third Supplemental Indenture, dated December 9, 2014, with respect to the Indenture, dated January 28, 2011, between Dana Holding Corporation and Wells Fargo Bank, National Association, as trustee. Filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated December 9, 2014, and incorporated herein by reference.
10.1**	Executive Employment Agreement dated January 12, 2015 by and between Roger Wood and Dana Holding Corporation. Filed as Exhibit 3.3 to Registrant's Current Report on Form 8-K dated January 13, 2015, and incorporated herein by reference.
10.2**	Form of Proprietary Interest Protection and Non-Solicitation Agreement. Filed as Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, and incorporated herein by reference.
10.3**	Dana Limited Supplemental Executive Retirement Plan. Filed as Exhibit 10.4 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and incorporated herein by reference.
10.4**	Supplemental Executive Retirement Plan for Jeffrey S. Bowen dated September 20, 2012. Filed as Exhibit 10.5 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and incorporated herein by reference.
10.5**	Dana Holding Corporation 2008 Omnibus Incentive Plan. Filed as Exhibit 10.10 to Registrant's Current Report on Form 8-K dated February 6, 2008, and incorporated herein by reference.
10.6**	Dana Holding Corporation 2012 Omnibus Incentive Plan. Filed as Exhibit 4.3 to Registrant's Form S-8 Registration Statement dated May 2, 2012, and incorporated herein by reference.
10.7**	Form of Indemnification Agreement. Filed as Exhibit 10.4 to Registrant's Current Report on Form 8-K dated February 6, 2008, and incorporated herein by reference.
10.8**	Form of Option Right Agreement for Non-Employee Directors. Filed as Exhibit 10.22 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, and incorporated herein by reference.
10.9**	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors. Filed as Exhibit 10.23 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, and incorporated herein by reference.
10.10**	

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Form of Option Agreement under the Dana Holding Corporation 2008 Omnibus Incentive Plan. Filed as Exhibit 10.38 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.

10.11** Form of Restricted Stock Unit Agreement under the Dana Holding Corporation 2008 Omnibus Incentive Plan. Filed as Exhibit 10.39 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.

10.12** Form of Performance Share Agreement under the Dana Holding Corporation 2008 Omnibus Incentive Plan. Filed as Exhibit 10.40 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.

10.13** Form of Share Appreciation Rights Agreement under the Dana Holding Corporation 2008 Omnibus Incentive Plan. Filed as Exhibit 10.41 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.

10.14** Form of Option Agreement under the Dana Holding Corporation 2012 Omnibus Incentive Plan. Filed as Exhibit 10.15 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and incorporated herein by reference.

10.15** Form of Restricted Stock Unit Agreement under the Dana Holding Corporation 2012 Omnibus Incentive Plan. Filed as Exhibit 10.16 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and incorporated herein by reference.

No.	Description
10.16**	Form of Performance Share Agreement under the Dana Holding Corporation 2012 Omnibus Incentive Plan. Filed as Exhibit 10.17 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and incorporated herein by reference.
10.17**	Form of Share Appreciation Rights Agreement under the Dana Holding Corporation 2012 Omnibus Incentive Plan. Filed as Exhibit 10.18 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and incorporated herein by reference.
10.18**	Dana Holding Corporation Executive Perquisite Plan. Filed as Exhibit 10.4 to Registrant's Current Report on Form 8-K dated April 18, 2008, and incorporated herein by reference.
10.19**	Dana Holding Corporation Executive Severance Plan. Filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K dated June 24, 2008, and incorporated herein by reference.
10.20	Second Amended and Restated Revolving Credit and Guaranty Agreement, dated as of June 20, 2013, among Dana Holding Corporation, as the borrower; the guarantors party thereto; Citibank, N.A., as administrative agent and collateral agent; the banks, financial institutions and other institutional lenders party thereto, each as a lender; Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as lead arrangers and joint bookrunners; Bank of America, N.A., as syndication agent; and Barclays Bank PLC, Deutsche Bank Securities Inc., JPMorgan Chase Bank, N.A., UBS Securities LLC and Wells Fargo Bank, N.A., as documentation agents. Filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K dated June 20, 2013, and incorporated herein by reference.
10.21	Amended and Restated Security Agreement, dated as of June 20, 2013, among Dana Holding Corporation, the guarantors party thereto and Citibank, N.A., as collateral agent. Filed as Exhibit 10.2 to Registrant's Current Report on Form 8-K dated June 20, 2013, and incorporated herein by reference.
10.22	Underwriting Agreement, dated December 4, 2014, among Dana Holding Corporation and Citigroup Global Markets Inc. as representative of the several underwriters named therein. Filed as Exhibit 1.1 to Registrant's Current Report on Form 8-K dated December 9, 2014, and incorporated herein by reference.
21	List of Consolidated Subsidiaries of Dana Holding Corporation. Filed with this Report.
23	Consent of PricewaterhouseCoopers LLP. Filed with this Report.
24	Power of Attorney. Filed with this Report.
31.1	Rule 13a-14(a)/15d-14(a) Certification by Chief Executive Officer. Filed with this Report.
31.2	Rule 13a-14(a)/15d-14(a) Certification by Chief Financial Officer. Filed with this Report.
32	Section 1350 Certification of Periodic Report (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002). Filed with this Report.
101	The following materials from Dana Holding Corporation's Annual Report on Form 10-K for the year ended December 31, 2013, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statement of Operations, (ii) the Consolidated Statement of Comprehensive Income, (iii) the Consolidated Balance Sheet, (iv) the Consolidated Statement of Cash Flows, (v) the Consolidated Statement of Shareholders' Equity and (vi) Notes to the Consolidated Financial Statements, filed herewith.
**	Management contract or compensatory plan required to be filed as part of an exhibit pursuant to Item 15(b) of Form 10-K.