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	26-1531856
(State of incorporation)	(IRS Employer Identification Number)
3939 Technology Drive, Maumee, OH	43537
(Address of principal executive offices)	(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 þ No o

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

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 þ No o

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 þ No o

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. þ

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 þ Accelerated filer o Non-accelerated filer o Smaller reporting company o

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

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.

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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.

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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 America	Asia Pacific
Canada	Belgium	South Africa	Argentina	Australia
Mexico	France	Spain	Brazil	China
United States	Germany	Sweden	Colombia	India
	Hungary	Switzerland	Ecuador	Japan
	Italy	United Kingdom		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 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 pursing 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 Segments	2			3	5
	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

				Actual		
(Units in thousands)	Dana 2015 Outlook			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 Dollars	2014 % of Net Sales	2013 Dollars	2013 % of Net Sales	Increase/ (Decrease)
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	Amount of Change Due To: 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.

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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 Dollars	% of Net Sales	2012 Dollars	% of Net Sales	Increase/ (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.

				Amount of Change Due To		
	2013	2012	Increase/ (Decrease)	Currency Effects	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 2012. 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

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 EBTIDA 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.

		Payments Due by Period			
Contractual Cash Obligations	Total	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

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

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'								
	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Compre-hensive Loss	Parent Company Stockholders' Equity	Non-controlling Interests	Total Equity
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					