DANA HOLDING CORP
Form 10-Q
July 24, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the quarterly period ended: June 30, 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

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 of this chapter) 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 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. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

There were 155,622,932 shares of the registrant's common stock outstanding at July 11, 2014.

DANA HOLDING CORPORATION – FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2014

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net sales	$1,710	$1,800	$3,398	$3,476
Costs and expenses				
Cost of sales	1,462	1,541	2,916	3,003
Selling, general and administrative expenses	108	105	213	208
Amortization of intangibles	10	18	23	37
Restructuring charges, net	3	4	12	6
Other income, net	21	18	15	20
Income from continuing operations before interest expense and income taxes	148	150	249	242
Interest expense	29	21	59	42
Income from continuing operations before income taxes	119	129	190	200
Income tax expense	33	35	67	62
Equity in earnings of affiliates	6	3	7	7
Income from continuing operations	92	97	130	145
Income (loss) from discontinued operations	(2)	(1)	(3)	1
Net income	90	96	127	146
Less: Noncontrolling interests net income	4	4	7	12
Net income attributable to the parent company	86	92	120	134
Preferred stock dividend requirements	2	7	5	15
Net income available to common stockholders	$84	$85	$115	$119
Net income per share available to parent company common stockholders:				
Basic:				
Income from continuing operations	$0.55	$0.59	$0.77	$0.80
Income (loss) from discontinued operations	$(0.01)	$(0.01)	$(0.02)	$0.01
Net income	$0.54	$0.58	$0.75	$0.81
Diluted:				
Income from continuing operations	$0.50	$0.44	$0.70	$0.62
Income (loss) from discontinued operations	$(0.01)	$—	$(0.02)	$0.01
Net income	$0.49	$0.44	$0.68	$0.63
Weighted-average common shares outstanding				
Basic	156.7	145.9	153.7	146.9
Diluted	175.1	211.9	176.0	213.1
Dividends declared per common share	$0.05	$0.05	$0.10	$0.10

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	$90	$96	$127	$146
Less: Noncontrolling interests net income	4	4	7	12
Net income attributable to the parent company	86	92	120	134
Other comprehensive income (loss) attributable to the parent company, net of tax:				
Currency translation adjustments	14	(47)	2	(64)
Hedging gains and losses	1	(6)	1	(3)
Investment and other gains and losses	3	(10)	3	(9)
Defined benefit plans	3	6	10	14
Other comprehensive income (loss) attributable to the parent company	21	(57)	16	(62)
Other comprehensive income (loss) attributable to noncontrolling interests, net of tax:				
Currency translation adjustments	1	(3)		(5)
Other comprehensive income (loss) attributable to noncontrolling interests	1	(3)	—	(5)
Total comprehensive income attributable to the parent company	107	35	136	72
Total comprehensive income attributable to noncontrolling interests	5	1	7	7
Total comprehensive income	$112	$36	$143	$79

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

Dana Holding Corporation
Consolidated Balance Sheet (Unaudited)
(In millions except share and per share amounts)

	June 30, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	$1,172	$1,256
Marketable securities	168	110
Accounts receivable		
Trade, less allowance for doubtful accounts of $6 in 2014 and $7 in 2013	925	793
Other	135	223
Inventories		
Raw materials	366	337
Work in process and finished goods	361	333
Other current assets	131	113
Total current assets	3,258	3,165
Goodwill	105	106
Intangibles	205	227
Other noncurrent assets	198	196
Investments in affiliates	202	210
Property, plant and equipment, net	1,244	1,225
Total assets	$5,212	$5,129
Liabilities and equity		
Current liabilities		
Notes payable, including current portion of long-term debt	$37	$57
Accounts payable	906	804
Accrued payroll and employee benefits	155	161
Accrued restructuring costs	11	14
Taxes on income	54	35
Other accrued liabilities	197	197
Total current liabilities	1,360	1,268
Long-term debt	1,568	1,567
Pension and postretirement obligations	511	530
Other noncurrent liabilities	347	351
Total liabilities	3,786	3,716
Commitments and contingencies (Note 13)		
Parent company stockholders' equity		
Preferred stock, 47,500,000 shares authorized		
Series B, $0.01 par value, 2,013,180 and 3,803,774 shares outstanding	197	372
Common stock, $0.01 par value, 450,000,000 shares authorized, 155,799,361 and 145,338,342 outstanding	2	2
Additional paid-in capital	3,028	2,840
Accumulated deficit	(713)	(812)
Treasury stock, at cost (24,166,118 and 18,742,288 shares)	(481)	(366)
Accumulated other comprehensive loss	(711)	(727)
Total parent company stockholders' equity	1,322	1,309
Noncontrolling equity	104	104

Total equity	1,426	1,413
Total liabilities and equity	$5,212	$5,129

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

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

	Six Months Ended June 30,	
	2014	2013
Operating activities		
Net income	$127	$146
Depreciation	81	82
Amortization of intangibles	27	43
Amortization of deferred financing charges	3	3
Unremitted earnings of affiliates	6	(6)
Stock compensation expense	9	9
Deferred income taxes	(5)	
Pension contributions, net	(5)	(20)
Interest payment received on payment-in-kind note receivable	40	26
Change in working capital	(96)	(84)
Other, net	6	(12)
Net cash provided by operating activities	193	187
Investing activities		
Purchases of property, plant and equipment	(96)	(71)
Acquisition of business		(8)
Principal payment received on payment-in-kind note receivable	35	33
Purchases of marketable securities	(57)	(66)
Proceeds from sales of marketable securities	1	24
Proceeds from maturities of marketable securities	2	5
Proceeds from sale of business	9	
Other	3	8
Net cash used in investing activities	(103)	(75)
Financing activities		
Net change in short-term debt	(5)	(1)
Proceeds from letters of credit	12	
Repayment of letters of credit	(6)	
Proceeds from long-term debt	1	57
Repayment of long-term debt	(19)	(48)
Deferred financing payments		(3)
Dividends paid to preferred stockholders	(4)	(15)
Dividends paid to common stockholders	(16)	(15)
Distributions to noncontrolling interests	(2)	(2)
Repurchases of common stock	(113)	(86)
Payments to acquire noncontrolling interests		(7)
Other		3
Net cash used in financing activities	(152)	(117)
Net decrease in cash and cash equivalents	(62)	(5)
Cash and cash equivalents – beginning of period	1,256	1,059
Effect of exchange rate changes on cash balances	(22)	(24)

Cash and cash equivalents – end of period	$1,172	$1,030

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

Dana Holding Corporation
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(In millions, except share and per share amounts)

Note 1. Organization and Summary of Significant Accounting Policies

General

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

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

Summary of significant accounting policies

Basis of presentation — Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information. These statements are unaudited, but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results for the interim periods. The results reported in these consolidated financial statements should not necessarily be taken as indicative of results that may be expected for the entire year. The financial information included herein should be read in conjunction with the consolidated financial statements in Item 8 of our 2013 Form 10-K. Certain prior year amounts have been reclassified to conform to the 2014 presentation.

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

Translation of financial statements of Venezuelan subsidiaries

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

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

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

With the recent expansion of SICAD and the formation of SICAD 2 there is uncertainty surrounding transactions that CENCOEX will allow to be transacted at the official exchange rate. In consultation with legal counsel we have determined that the SICAD rate, which we believe would apply to dividend remittances, is the appropriate rate to remeasure the bolivar

denominated net monetary assets of our Venezuelan subsidiaries. Effective March 31, 2014, we ceased using the official exchange rate of 6.3 and began using the SICAD rate, which was 10.7 bolivars per U.S. dollar (as published by the Central Bank of Venezuela) at March 31, 2014, to remeasure the financial statements of our Venezuelan subsidiaries.

Recently adopted accounting pronouncements

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

In July 2013, the FASB issued guidance to provide for the inclusion of the Fed Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes, in addition to direct Treasury obligations of the U.S. government and the London Interbank Offered Rate (LIBOR) swap rate. In addition, the guidance removed the restriction on using different benchmark interest rates for similar hedges. The guidance was effective upon issuance and can be applied for qualifying new or redesignated hedging relationships.

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

In February 2013, the FASB issued guidance related to obligations resulting from joint and several liability arrangements where the amount of the obligation is fixed at the reporting date. Obligations within the scope of the guidance include certain debt arrangements and settled litigation but not contingencies, guarantees, retirement benefits or income taxes. Adoption of this guidance, which became effective January 1, 2014, did not impact our financial condition or results of operations.

Recently issued accounting pronouncements

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

terms of an award may provide that the performance target could be achieved after an employee completes the requisite service period. The amendment requires that a performance target that affects vesting and extends beyond the end of the service period be treated as a performance condition and not as a factor in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. The guidance becomes effective January 1, 2016.

In June 2014, the FASB issued guidance that amends accounting and disclosures for repurchase agreements and similar transactions. Repurchase-to-maturity transactions and linked repurchase financings are to be accounted for as secured borrowings, which is consistent with the accounting for other repurchase agreements. The amendment also requires two new disclosures. The first disclosure requires an entity to disclose information on transfers accounted for as sales in transactions that are economically similar to repurchase agreements. The second disclosure provides increased transparency about the types of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. The guidance, which becomes effective January 1, 2015, could affect our accounting for future transactions.

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

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

Note 2. Acquisitions and Divestitures

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

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

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

Note 3. Discontinued Operations

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

The loss from discontinued operations in the second quarter of 2014 includes the charge that resulted from final settlement of the claims presented by the buyer while the loss in the first quarter of 2014 included exit costs incurred in connection with retained properties. Legal fees related to the arbitration with Metalsa and the lawsuit brought by a major customer in 2012 were incurred in both periods. The income from discontinued operations for the six months ended June 30, 2013 was the net result of recoveries of prior costs finalized during the period, restructuring expenses related to ongoing maintenance of retained properties and legal fees.
The Longview facility was sold in March 2013 and a previously closed plant in Canada was sold in January 2014. The proceeds in both transactions approximated the carrying values of the facilities.

Note 4. Goodwill and Other Intangible Assets

Goodwill — Our goodwill is assigned to our Off-Highway operating segment. The changes in the carrying amount of goodwill are due to currency fluctuations.

Components of other intangible assets —

		June 30, 2014			December 31, 2013		
	Weighted Average Useful Life (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets							
Core technology	7	$94	$(86)	$8	$94	$(83)	$11
Trademarks and trade names	16	4	(2)	2	4	(1)	3
Customer relationships	8	533	(423)	110	527	(399)	128
Non-amortizable intangible assets							
Trademarks and trade names		65		65	65		65
Used in research and development activities		20		20	20		20
		$716	$(511)	$205	$710	$(483)	$227

The net carrying amounts of intangible assets, other than goodwill, attributable to each of our operating segments at June 30, 2014 were as follows: Light Vehicle — $13, Commercial Vehicle — $114, Off-Highway — $62 and Power Technologies — $16.

Amortization expense related to amortizable intangible assets —

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Charged to cost of sales	$2	$3	$4	$6
Charged to amortization of intangibles	10	18	23	37
Total amortization	$12	$21	$27	$43

The following table provides the estimated aggregate pre-tax amortization expense related to intangible assets for each of the next five years based on June 30, 2014 exchange rates. Actual amounts may differ from these estimates due to such factors as currency translation, customer turnover, impairments, additional intangible asset acquisitions and other events.

	Remainder of 2014	2015	2016	2017	2018
Amortization expense	$23	$22	$20	$17	$14

Note 5. Restructuring of Operations

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

During the second quarter of 2014, we continued to implement certain headcount reduction programs, including those associated with the closure of our Commercial Vehicle foundry operation in Argentina. Including costs associated with this action and with other previously announced initiatives, restructuring expense during the second quarter of 2014 was $3, including $1 of severance and related benefit costs and $2 of exit costs.

Restructuring expense during the first quarter of 2014 was also primarily associated with the closure of our Commercial Vehicle foundry operation in Argentina. Including costs associated with this action and with other previously announced initiatives, restructuring expense during the first quarter of 2014 was $9, including $7 of severance and related benefit costs and $2 of exit costs.

During the second quarter of 2013, we implemented certain headcount reduction initiatives, primarily in our Light Vehicle and Commercial Vehicle businesses in Argentina and Australia. New customer programs and other developments in our North American Light Vehicle business and a decision by our European Off-Highway business to in-source the manufacturing of certain parts resulted in the reversal of previously accrued severance obligations. Restructuring expense of $4, net of the aforementioned reversals, during the second quarter of 2013 was attributable to newly implemented and previously announced initiatives and included $3 of severance and related benefit costs and $1 of exit costs.

Excluding $1 of costs associated with discontinued operations and attributable to exit costs, restructuring expense during the first quarter of 2013 was $2, all of which was attributable to exit costs associated with previously announced initiatives.

Restructuring charges and related payments and adjustments —

	Employee Termination Benefits	Exit Costs	Total
Balance at March 31, 2014, including noncurrent portion	$13	$10	$23
Activity during the period:			
Charges to restructuring	1	2	3
Cash payments	(3)	(2)	(5)
Balance at June 30, 2014, including noncurrent portion	$11	$10	$21
Balance at December 31, 2013, including noncurrent portion	$14	$11	$25
Activity during the period:			
Charges to restructuring	8	4	12
Cash payments	(11)	(5)	(16)
Balance at June 30, 2014, including noncurrent portion	$11	$10	$21

At June 30, 2014, the accrued employee termination benefits relate to the reduction of approximately 200 employees to be completed over the next three years. The exit costs relate primarily to lease continuation obligations. We estimate cash expenditures to approximate $8 during the remainder of 2014 and $13 thereafter.

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

	Expense Recognized			
	Prior to 2014	2014	Total to Date	Future Cost to Complete
Light Vehicle	$8		$8	$5
Commercial Vehicle	28	11	39	13
Off-Highway	8		8	
Power Technologies	2	1	3	
Corporate			—	4
Discontinued operations	2		2	
Total	$48	$12	$60	$22

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

Note 6. Stockholders' Equity

Preferred stock — Dividends on our 4.0% Series B Convertible Preferred Stock accrue daily and are payable in cash as approved by the Board of Directors. Our 4.0% Series A Convertible Preferred Stock ceased accruing dividends as a result of redemption in August 2013. Preferred dividends of $2 and $4 were accrued at June 30, 2014 and December 31, 2013.

During the first half of 2014, holders of 1,790,594 shares of Series B preferred stock elected to convert those preferred shares into common stock and received 15,230,215 shares. The common stock issued included shares to satisfy the accrued dividends owed to the converting preferred stockholders. Based on the market price of Dana common stock on the date of conversion, the fair value of the conversions totaled $316. As of July 2, 2014, the per share closing price of our common stock exceeded $22.24 for 20 consecutive trading days. As a result, we are exercising our right to cause the conversion of all of the outstanding Series B preferred shares upon fulfillment of the required 90-day notice period ending September 30, 2014. Holders of Series B preferred stock continue to have the option to voluntarily convert preferred shares into common stock during the 90-day notice period.

Common stock — Our Board of Directors declared a quarterly cash dividend of five cents per share of common stock in the first and second quarters of 2014. Dividends accrue on restricted stock units (RSUs) granted under our stock compensation program and will be paid in cash or additional units when the underlying units vest.

Share repurchase program — Our Board of Directors approved a share repurchase program of up to $1,000 of our outstanding shares of common stock over a two-year period from June 28, 2013. Under the program, we spent $113 to repurchase 5,320,850 shares of our common stock during the first half of 2014 through open market transactions. Approximately $58 remained available under the program for future share repurchases as of June 30, 2014.

Changes in equity —

	2014			2013		
Three Months Ended June 30,	Attributable to Parent	Attributable to Non-controlling Interests	Total Equity	Attributable to Parent	Attributable to Non-controlling Interests	Total Equity
Balance, March 31	$1,272	$105	$1,377	$1,840	$108	$1,948
Total comprehensive income	107	5	112	35	1	36
Preferred stock dividends	(2)		(2)	(7)		(7)
Common stock dividends	(9)		(9)	(7)		(7)
Distributions to noncontrolling interests		(6)	(6)		(4)	(4)
Common stock share repurchases	(49)		(49)	(62)		(62)
Stock compensation	4		4	9		9
Stock withheld for employee taxes	(1)		(1)	(2)		(2)
Balance, June 30	$1,322	$104	$1,426	$1,806	$105	$1,911
Six Months Ended June 30,						
Balance, December 31	$1,309	$104	$1,413	$1,836	$112	$1,948
Total comprehensive income	136	7	143	72	7	79
Preferred stock dividends	(5)		(5)	(15)		(15)
Common stock dividends	(16)		(16)	(15)		(15)
Distributions to noncontrolling interests		(7)	(7)		(5)	(5)
Share conversion	3		3			—
Common stock share repurchases	(113)		(113)	(86)		(86)

Adjustments to paid-in capital for purchase of noncontrolling interests			—	6		6
Adjustments to other comprehensive income for purchase of noncontrolling interests			—	(3)		(3)
Purchase of noncontrolling interests			—		(9)	(9)
Stock compensation	10		10	15		15
Stock withheld for employee taxes	(2)		(2)	(4)		(4)
Balance, June 30	$1,322	$104	$1,426	$1,806	$105	$1,911

Changes in each component of AOCI of the parent —

	Parent Company Stockholders				
	Foreign Currency Translation	Hedging	Investments	Defined Benefit Plans	Accumulated Other Comprehensive Income (Loss)
Balance, March 31, 2014	$(254)	$—	$3	$(481)	$(732)
Other comprehensive income (loss):					
Currency translation adjustments	14				14
Holding gains (losses)		1	3		4
Amortization of net actuarial losses included in net periodic benefit cost (b)				3	3
Other comprehensive income	14	1	3	3	21
Balance, June 30, 2014	$(240)	$1	$6	$(478)	$(711)
Balance, March 31, 2013	$(219)	$7	$13	$(602)	$(801)
Other comprehensive income (loss):					
Currency translation adjustments	(47)				(47)
Holding losses		(3)	(2)		(5)
Reclassification of amount to net income (a)		(3)	(8)		(11)
Amortization of net actuarial losses included in net periodic benefit cost (b)				6	6
Other comprehensive income (loss)	(47)	(6)	(10)	6	(57)
Balance, June 30, 2013	$(266)	$1	$3	$(596)	$(858)

	Parent Company Stockholders				
	Foreign Currency Translation	Hedging	Investments	Defined Benefit Plans	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2013	$(242)	$—	$3	$(488)	$(727)
Other comprehensive income (loss):					
Currency translation adjustments	2				2
Holding gains		1	5		6
Reclassification of amount to net income (a)			(2)		(2)
Venezuelan bolivar devaluation				3	3
Amortization of net actuarial losses included in net periodic benefit cost (b)				8	8
Tax expense				(1)	(1)
Other comprehensive income	2	1	3	10	16
Balance, June 30, 2014	$(240)	$1	$6	$(478)	$(711)
Balance, December 31, 2012	$(198)	$3	$12	$(610)	$(793)
Other comprehensive income (loss):					
Currency translation adjustments	(64)				(64)
Holding gains		2	(1)		1
Reclassification of amount to net income (a)		(5)	(8)		(13)
Venezuelan bolivar devaluation				2	2

Amortization of net actuarial losses included in net periodic benefit cost (b)				12	12
Other comprehensive income (loss)	(64)	(3)	(9)	14	(62)
Adjustment for purchase of noncontrolling interests	(4)	1			(3)
Balance, June 30, 2013	$(266)	$1	$3	$(596)	$(858)

(a) Foreign currency contract and investment reclassifications are included in other income, net.
(b) See Note 9 for additional details.

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

Note 7. Earnings per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Income from continuing operations	$92	$97	$130	$145
Less: Noncontrolling interests	4	4	7	12
Less: Preferred stock dividend requirements	2	7	5	15
Income from continuing operations available to common stockholders - Numerator basic	86	86	118	118
Preferred stock dividend requirements	2	7	5	15
Numerator diluted	$88	$93	$123	$133
Net income available to common stockholders - Numerator basic	$84	$85	$115	$119
Preferred stock dividend requirements	2	7	5	15
Numerator diluted	$86	$92	$120	$134
Weighted-average number of shares outstanding - Denominator basic	156.7	145.9	153.7	146.9
Employee compensation-related shares, including stock options	1.3	1.4	1.2	1.6
Conversion of preferred stock	17.1	64.6	21.1	64.6
Denominator diluted	175.1	211.9	176.0	213.1

The share count for diluted earnings per share is computed on the basis of the weighted-average number of common shares outstanding plus the effects of dilutive common stock equivalents (CSEs) outstanding during the period. We excluded 0.3 million and 0.6 million CSEs from the calculations of diluted earnings per share for the quarter and year-to-date periods ended June 30, 2013 as the effect of including them would have been anti-dilutive.

Note 8. Stock Compensation

The Compensation Committee of our Board of Directors approved the grant of RSUs and performance share units (PSUs) shown in the table below during the first half of 2014.

	Granted (In millions)	Weighted-average Per Share Grant Date Fair Value
RSUs	0.7	$ 21.21
PSUs	0.3	$ 24.36

We calculated the fair value of the RSUs at grant date based on the closing market price of our common stock at the date of grant. The number of PSUs that ultimately vest is contingent on achieving specified return on invested capital targets and specified total shareholder return targets relative to peer companies. For the portion of the award based on the return on invested capital performance metric, we estimated the fair value of the PSUs at grant date based on the closing market price of our common stock at the date of grant adjusted for the value of assumed dividends over the period because the award is not dividend protected. For the portion of the award based on shareholder returns, we estimated the fair value of the PSUs at grant

date using various assumptions as part of a Monte Carlo simulation. The expected term represents the period from the grant date to the end of the three-year performance period. The risk-free interest rate of 0.64% was based on U.S. Treasury constant maturity rates at the grant date. The dividend yield of 1.02% was calculated by dividing the expected annual dividend by the average stock price over the prior year. The expected volatility of 43.6% was based on historical volatility over the prior three years using daily stock price observations.

Stock options and SARs related to 0.4 million shares were exercised and 0.1 million shares were forfeited in 2014. We received $4 of cash from the exercise of stock options and we paid $2 of cash to settle SARs and RSUs during 2014. We issued 0.3 million shares of common stock based on the vesting of RSUs.

We recognized stock compensation expense of $5 and $4 during the second quarter of 2014 and 2013 and $9 and $9 during the first half of 2014 and 2013. At June 30, 2014, the total unrecognized compensation cost related to the nonvested awards granted and expected to vest was $30. This cost is expected to be recognized over a weighted-average period of 2.1 years.

Note 9. Pension and Postretirement Benefit Plans

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

Components of net periodic benefit cost (credit) —

	Pension					
	2014		2013		OPEB - Non-U.S.	
Three Months Ended June 30,	U.S.	Non-U.S.	U.S.	Non-U.S.	2014	2013
Interest cost	$20	$3	$19	$3	$2	$1
Expected return on plan assets	(28)		(29)			
Service cost		2		2		
Amortization of net actuarial loss	4	1	5	1		
Net periodic benefit cost (credit)	$(4)	$6	$(5)	$6	$2	$1
Six Months Ended June 30,						
Interest cost	$40	$6	$38	$6	$3	$2
Expected return on plan assets	(55)		(58)			
Service cost		3		3		
Amortization of net actuarial loss	8	2	10	2		
Net periodic benefit cost (credit)	$(7)	$11	$(10)	$11	$3	$2

Note 10. Marketable Securities

	June 30, 2014			December 31, 2013		
	Cost	Unrealized Gain (Loss)	Fair Value	Cost	Unrealized Gain (Loss)	Fair Value
U.S. government securities	$39	$—	$39	$27	$—	$27
Corporate securities	33		33	30	(1)	29
Certificates of deposit	24		24	21		21
Other	66	6	72	31	2	33
Total marketable securities	$162	$6	$168	$109	$1	$110

U.S. government securities include bonds issued by government-sponsored agencies and Treasury notes. Corporate securities include primarily debt securities. Other consists of investments in mutual and index funds. U.S. government securities, corporate debt and certificates of deposit maturing in one year or less and after one year through five years total $28 and $68 at June 30, 2014.

Note 11. Financing Agreements

Long-term debt at —

	Interest Rate	June 30, 2014	December 31, 2013
Senior Notes due February 15, 2019	6.500%	$400	$400
Senior Notes due February 15, 2021	6.750%	350	350
Senior Notes due September 15, 2021	5.375%	450	450
Senior Notes due September 15, 2023	6.000%	300	300
Other indebtedness		79	99
Total		1,579	1,599
Less: current maturities		11	32
Total long-term debt		$1,568	$1,567

Interest on the senior notes is payable semi-annually. Other indebtedness includes borrowings from various financial institutions and capital lease obligations.

Senior notes — In July 2013, we completed the sale of $750 in senior unsecured notes. Interest on the September 2021 Notes and September 2023 Notes is payable on March 15 and September 15 of each year beginning on March 15, 2014. Net proceeds of the offering totaled $734. Financing costs of $16 were recorded as deferred costs and are being amortized to interest expense over the life of the notes. The net proceeds from the offering were used to repurchase all of our outstanding Series A preferred stock and to fund common stock repurchases under our previously authorized share repurchase program.

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

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

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

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

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

applicable LIBOR margin based on quarterly average availability under the revolving facility and a per annum fronting fee of 0.125%, payable quarterly.

There were no borrowings under the revolving facility at June 30, 2014 but we had utilized $48 for letters of credit. Based on our borrowing base collateral of $357, we had potential availability at June 30, 2014 under the revolving facility of $309 after deducting the outstanding letters of credit.

European receivables loan facility — Effective December 31, 2013 we terminated our European accounts receivable backed credit facility (the European Facility). The European facility was scheduled to terminate on March 8, 2016 and permitted

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borrowings of up to €75. No borrowings were outstanding under the European Facility as of the termination date. We wrote off $2 of previously deferred financing costs associated with the European Facility to other income, net.

Debt covenants — At June 30, 2014, we were in compliance with the covenants of our financing agreements. Under the Amended Revolving Facility and the senior notes, we are required to comply with certain incurrence-based covenants customary for facilities of these types.

Note 12. Fair Value Measurements and Derivatives

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

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

		Fair Value Measurements Using		
June 30, 2014	Total	Quoted Prices in Active Markets (Level 1)	Significant Inputs Observable (Level 2)	Significant Inputs Unobservable (Level 3)
Marketable securities - current asset	$168	$72	$96	$—
Currency forward contracts - current asset	3		3	
Currency forward contracts - current liability	2		2	
Currency swaps - current asset	2		2	
Currency swaps - current liability	4		4	
December 31, 2013				
Notes receivable - current asset	$75	$—	$75	$—
Marketable securities - current asset	110	33	77	
Currency forward contracts - current asset	3		3	
Currency forward contracts - current liability	2		2	
Currency swaps - noncurrent asset	2		2	
Currency swaps - noncurrent liability	2		2	

Changes in Level 3 recurring fair value measurements —

	Three Months Ended June 30,		Six Months Ended June 30,	
Notes receivable, including current portion	2014	2013	2014	2013
Beginning of period	$—	$133	$—	$129
Accretion of value (interest income)		3		7
Payment received		(61)		(61)
End of period	$—	$75	$—	$75

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

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

	June 30, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior notes	$1,500	$1,602	$1,500	$1,567
Other indebtedness	79	76	99	98
Total	$1,579	$1,678	$1,599	$1,665

The fair value of our senior notes is estimated based upon a market approach (Level 2) while the fair value of our other indebtedness is based upon an income approach (Level 2).

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

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

The total notional amount of outstanding foreign currency forward contracts, involving the exchange of various currencies, was $282 as of June 30, 2014 and $252 as of December 31, 2013. The total notional amount of outstanding foreign currency swaps was $71 as of June 30, 2014 and $297 as of December 31, 2013.

The following foreign currency derivatives were outstanding at June 30, 2014:

		Notional Amount (U.S. Dollar Equivalent)			
Functional Currency	Traded Currency	Designated as Cash Flow Hedges	Undesignated	Total	Maturity
U.S. dollar	Mexican peso, Euro	$114	$4	$118	Aug-15
Euro	U.S. dollar, Canadian dollar, Hungarian forint, British pound, Swiss franc, Indian rupee	61	15	76	Dec-15
British pound	U.S. dollar, Euro	27	1	28	Aug-15
Swedish krona	Euro	18		18	Aug-15
South African rand	U.S. dollar, Euro		14	14	Dec-14
Thai baht	U.S. dollar, Australian dollar		17	17	Apr-15
Indian rupee	U.S. dollar, British pound, Euro		11	11	Mar-15
Total forward contracts		220	62	282	
U.S. dollar	Euro		71	71	Feb-15
Total currency swaps		—	71	71	
Total foreign currency derivatives		$220	$133	$353	

During May 2014, concurrent with the cancellation of two of our Euro-denominated and Canadian dollar-denominated intercompany loans, we terminated $225 of associated currency swaps. No portion of the fair value of these currency swaps had been deferred in accumulated other comprehensive income (AOCI).

Cash flow hedges — With respect to contracts designated as cash flow hedges, changes in fair value during the period in which the contracts remain outstanding are reported in other comprehensive income (OCI) to the extent such contracts remain effective. Changes in fair value of those contracts that are not designated as cash flow hedges are reported in income in the

period in which the changes occur. Forward contracts associated with product-related transactions are marked to market in cost of sales while other contracts are marked to market through other income, net.

Amounts to be reclassified to earnings — Deferred gains or losses, which are reported in AOCI, are reclassified to earnings in the same periods in which the underlying transactions affect earnings. Amounts expected to be reclassified to earnings assume no change in the current hedge relationships or to June 30, 2014 market rates. Deferred gains of $1 at June 30, 2014 are expected to be reclassified to earnings during the next twelve months. Amounts deferred were not significant at December 31, 2013. See Note 6 for additional details.

Note 13. Commitments and Contingencies

Asbestos personal injury liabilities — We had approximately 25,000 active pending asbestos personal injury liability claims at both June 30, 2014 and December 31, 2013. We have accrued $82 for indemnity and defense costs for settled, pending and future claims at June 30, 2014, compared to $88 at December 31, 2013. We use a fifteen-year time horizon for our estimate of this liability.

At June 30, 2014, we had recorded $52 as an asset for probable recovery from our insurers for the pending and projected asbestos personal injury liability claims, compared to $55 recorded at December 31, 2013. The recorded asset represents our assessment of the capacity of our current insurance agreements to provide for the payment of anticipated defense and indemnity costs for pending claims and projected future demands. The recognition of these recoveries is based on our assessment of our right to recover under the respective contracts and on the financial strength of the insurers. We have coverage agreements in place with our insurers confirming substantially all of the related coverage and payments are being received on a timely basis. The financial strength of these insurers is reviewed at least annually with the assistance of a third party. The recorded asset does not represent the limits of our insurance coverage, but rather the amount we would expect to recover if we paid the accrued indemnity and defense costs.

As part of our reorganization in 2008, assets and liabilities associated with asbestos claims were retained in Dana Corporation which was then merged into Dana Companies, LLC, a consolidated wholly-owned subsidiary of Dana. The assets of Dana Companies, LLC include insurance rights relating to coverage against these liabilities, marketable securities and other assets which we believe are sufficient to satisfy its liabilities. Dana Companies, LLC continues to process asbestos personal injury claims in the normal course of business, is separately managed and has an independent board member. The independent board member is required to approve certain transactions including dividends or other transfers of $1 or more of value to Dana.

Other product liabilities — We had accrued $1 for non-asbestos product liability costs at June 30, 2014 and December 31, 2013, with no recovery expected from third parties at either date. We estimate these liabilities based on assumptions about the value of the claims and about the likelihood of recoveries against us derived from our historical experience and current information.

Environmental liabilities — Accrued environmental liabilities were $8 at June 30, 2014 and $9 at December 31, 2013. We consider the most probable method of remediation, current laws and regulations and existing technology in determining the fair value of our environmental liabilities. Other accounts receivable included a related recoverable from insurers or other parties of $1 at both dates.

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

from Metalsa of the amounts paid under the guarantee and to take possession of the leased property.

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

In November 2013, we received an arbitration notice from Sypris Solutions, Inc. (Sypris), our largest supplier, concerning the existing long-term supply agreement that expires on December 31, 2014. Sypris alleges that the companies entered into a new binding long-term supply agreement in July 2013. Dana has filed suit against Sypris requesting declaratory judgment

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relating to the Sypris claim that it entered into a new supply agreement with Dana in July 2013. We dispute Sypris' claim and believe it is without merit.

Note 14. Warranty Obligations

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

Changes in warranty liabilities —

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Balance, beginning of period	$56	$63	$54	$66
Amounts accrued for current period sales	5	5	9	9
Adjustments of prior estimates	7	2	11	4
Settlements of warranty claims	(9)	(10)	(15)	(19)
Currency impact		(1)		(1)
Balance, end of period	$59	$59	$59	$59

In 2007, we were notified of an alleged quality issue at a foreign subsidiary of Dana that produced engine coolers for a unit of Sogefi SpA that were used in modules supplied to Volkswagen. Based on the information currently available to us, we do not believe that this matter will result in a material liability to Dana.

In 2012, Ford Motor Company filed a complaint alleging quality issues relating to products supplied by the former Structural Products business at Dana Canada Corporation. The Dana Canada facility was closed in 2008 and Dana Holding Corporation divested substantially all of the Structural Products business in 2010. Based on the information currently available to us, we do not believe this matter will result in a material liability to Dana.

Note 15. Income Taxes

We estimate the effective tax rate expected to be applicable for the full fiscal year and use that rate to provide for income taxes in interim reporting periods. We also recognize the tax impact of certain unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, in the interim period in which they occur.

We reported income tax expense related to our continuing operations of $33 and $35 for the quarters ended June 30, 2014 and 2013 and $67 and $62 for the respective six-month periods. The effective income tax rates vary from the U.S. federal statutory rate of 35%% due to valuation allowances in several countries, nondeductible expenses, different statutory tax rates outside the U.S. and withholding taxes related to repatriations of international earnings to the U.S.

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

We provide for U.S. federal income and non-U.S. withholding taxes on the earnings of our non-U.S. operations that are not considered to be permanently reinvested. Accordingly, we continue to analyze and adjust the estimated tax impact of the income and non-U.S. withholding tax liabilities based on the amount and source of these earnings. As

part of the annual effective tax rate, we recognized net expense of $2 and $2 for the quarters ended June 30, 2014 and 2013 and $3 and $4 for the respective six-month periods related to future income taxes and non-U.S. withholding taxes on repatriations from operations that are not permanently reinvested. We also recognized expense of $4 and $1 in the first and second quarters of 2014 for withholding taxes associated with changes to planned repatriations of certain foreign earnings and we accrued additional tax reserves of $2 in the second quarter of 2014 for settlement of outstanding tax matters in Italy. In connection with our purchase of the noncontrolling interests in three UK subsidiaries during the first quarter of 2013, we released valuation allowances against deferred tax assets of $2.

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

At June 30, 2014, we have a valuation allowance against our deferred tax assets in the U.S. 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 occurred as of the assessment date. We also consider the pro forma effects on historical profitability of actions occurring in the year of assessment 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. A sustained period of profitability, after giving pro forma effect to implemented actions and nonrecurring events, along with positive expectations for future profitability are necessary for a determination that a valuation allowance should be released. Our U.S. operations have experienced improved profitability in recent years, but our analysis of the income of the U.S. operations, as adjusted for pro forma effects of 2013 developments, results in a cumulative loss in recent years as of June 30, 2014. Therefore, we have not achieved a level of sustained historical profitability that would, in our judgment, support a release of the valuation allowance at June 30, 2014. Although we expect our U.S. operations to generate profits in the future, this positive evidence cannot be given as much weight in our analysis as the objectively verifiable lack of sustained historical profitability. To the extent that we achieve our forecasted levels of sustainable profits in 2014 and our projections of profitability beyond 2014 are sufficiently positive, it is reasonably possible that we could release up to $675 of the valuation allowances against our U.S. deferred tax assets in the next twelve months. Until the valuation allowance is released, the income tax effect of any reported U.S. profits will reduce net deferred tax assets and the associated valuation allowance.

Note 16. Other Income, Net

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Interest income	$3	$5	$6	$12
Government grants and incentives	1	1	2	2
Foreign exchange gain (loss)	14	4	2	(4)
Strategic transaction expenses		(2)	(1)	(4)
Write-off of deferred financing costs		(2)		(2)
Gain on sale of marketable securities		3		3
Recognition of unrealized gain on payment-in-kind note receivable		5	2	5
Insurance recoveries				2
Other	3	4	4	6
Other income, net	$21	$18	$15	$20

Interest income decreased from 2013 as a result of selling our payment-in-kind note receivable during the first quarter of 2014. As discussed in Note 12 above, the receipt of a payment on our payment-in-kind note receivable during the second quarter of 2013 resulted in the recognition of a portion of the related unrealized gain that arose following the valuation of the note receivable below its callable value at emergence from bankruptcy. The subsequent sale of the payment-in-kind note receivable during the first quarter of 2014 resulted in the recognition of the remaining unrealized gain.

Foreign exchange gains and losses on cross-currency intercompany loan balances that are not considered permanently invested are included above. Foreign exchange gains and losses on intercompany loans that are permanently invested are reported in OCI. As discussed in Note 1 above, effective March 31, 2014, we ceased using the official exchange rate of 6.3 and began using the SICAD rate, which was 10.7 bolivars per U.S. dollar (as published by the Central Bank of Venezuela) at March 31, 2014, to remeasure the financial statements of our Venezuelan subsidiaries. The change to the SICAD rate resulted in a charge of $17 during the first quarter of 2014. The SICAD rate was 10.6 bolivars per U.S. dollar at June 30, 2014. During the second quarter of 2014 we realized a $7 gain as CENCOEX approved a portion of our pending claims to settle U.S. dollar obligations at the official exchange rate of 6.3. Also during the second quarter of 2014 we realized a $6 gain on the sale of U.S. dollars through SICAD 2 at an average rate of 49.9 bolivars per U.S. dollar. Both the first quarter 2014 charge and the second

quarter 2014 gains associated with our Venezuelan subsidiaries are included in the segment EBITDA of our Light Vehicle operating segment. Foreign exchange loss for 2013 includes a first quarter charge of $6 resulting from the February 2013 devaluation of Venezuela's official exchange rate from 4.3 to 6.3 bolivars per U.S. dollar. The charge was largely recovered over the balance of 2013 as the Venezuelan government allowed certain transactions to be settled at the former exchange rate. A gain of $3 from these settlements was recognized in the second quarter of 2013.

As discussed in Note 11 above, during the second quarter of 2013 we wrote off previously deferred financing costs associated with our prior revolving credit facility.

Note 17. Segments

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

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

Segment information —

	2014			2013		
Three Months Ended June 30,	External Sales	Inter-Segment Sales	Segment EBITDA	External Sales	Inter-Segment Sales	Segment EBITDA
Light Vehicle	$636	$ 43	$76	$673	$ 33	$71
Commercial Vehicle	463	20	47	498	32	61
Off-Highway	335	10	46	364	12	46
Power Technologies	276	4	39	265	6	39
Eliminations and other		(77)			(83)	
Total	$1,710	$ —	$208	$1,800	$ —	$217
Six Months Ended June 30,						
Light Vehicle	$1,254	$ 71	$106	$1,292	$ 66	$112
Commercial Vehicle	920	46	91	956	64	102
Off-Highway	676	20	88	707	24	87
Power Technologies	548	10	83	521	11	75
Eliminations and other		(147)			(165)	
Total	$3,398	$ —	$368	$3,476	$ —	$376

Reconciliation of segment EBITDA to consolidated net income —

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Segment EBITDA	$208	$217	$368	$376
Corporate expense and other items, net	(3)	(2)	2	(3)
Depreciation	(41)	(40)	(81)	(82)
Amortization of intangibles	(12)	(21)	(27)	(43)
Restructuring	(3)	(4)	(12)	(6)
Strategic transaction expenses and other items	1	(4)		(6)
Write-off of deferred financing costs		(2)		(2)
Recognition of unrealized gain on payment-in-kind note receivable		5	2	5
Stock compensation expense	(5)	(4)	(9)	(9)
Interest expense	(29)	(21)	(59)	(42)
Interest income	3	5	6	12
Income from continuing operations before income taxes	119	129	190	200
Income tax expense	33	35	67	62
Equity in earnings of affiliates	6	3	7	7
Income from continuing operations	92	97	130	145
Income (loss) from discontinued operations	(2)	(1)	(3)	1
Net income	$90	$96	$127	$146

Note 18. Equity Affiliates

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

Equity method investments exceeding $5 at June 30, 2014 —

	Ownership Percentage	Investment
Dongfeng Dana Axle Co., Ltd. (DDAC)	50%	$141
Bendix Spicer Foundation Brake, LLC	20%	43
Axles India Limited	48%	7
All others as a group		9
Investments in equity affiliates		200
Investments in affiliates carried at cost		2
Investments in affiliates		$202

Summarized financial information for DDAC —

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Sales	$219	$229	$423	$416
Gross profit	$24	$25	$44	$45
Pre-tax income	$10	$10	$14	$16
Net income	$8	$10	$11	$16
Dana's equity earnings in affiliate	$3	$3	$2	$6

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Item 2. 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 this report.

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 are indicated by words such as “anticipates,” “expects,” “believes,” “intends,” “plans,” “estimates,” “projects,” “outlook” and similar expressions. 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.

Management Overview

Dana is headquartered in Maumee, Ohio and was incorporated in Delaware in 2007. As a global provider of high technology driveline, 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. Our driveline products – axles, driveshafts and transmissions – are delivered through our Light Vehicle Driveline (Light Vehicle), Commercial Vehicle Driveline Technologies (Commercial Vehicle) and Off-Highway Driveline Technologies (Off-Highway) operating segments. Our fourth 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. At June 30, 2014, we employed approximately 23,500 people, operated in 26 countries and had 91 major manufacturing/distribution, technical centers and office facilities around the world.

External sales by operating segment for the three and six months ended June 30, 2014 and 2013 are as follows:

	Three Months Ended June 30,						Six Months Ended June 30,					
	2014			2013			2014			2013		
	Dollars	% of Total		Dollars	% of Total		Dollars	% of Total		Dollars	% of Total	
Light Vehicle	$636	37.2	%	$673	37.4	%	$1,254	36.9	%	$1,292	37.2	%
Commercial Vehicle	463	27.1	%	498	27.7	%	920	27.1	%	956	27.5	%
Off-Highway	335	19.6	%	364	20.2	%	676	19.9	%	707	20.3	%
Power Technologies	276	16.1	%	265	14.7	%	548	16.1	%	521	15.0	%
Total	$1,710			$1,800			$3,398			$3,476		

Refer to Segment Results of Operations in Note 17 to our consolidated financial statements in Item 1 of Part I for further financial information about our operating segments.

Our internet address is www.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.

Operational and Strategic Initiatives

During the past several years, we have significantly improved our overall financial prospects – improving the overall profitability of our business, increasing 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 – 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. Since the first quarter of 2012, we've declared and paid quarterly common stock dividends of five cents per share. During 2013, we redeemed our Series A preferred stock – the equivalent of 21 million common shares on an as converted basis – for $474 and we repurchased 17 million common shares for $337. Repurchases of common shares continued in the first half of 2014 with $113 being used for this purpose. In July 2014, the market price of our common shares provided Dana the option to effect the mandatory conversion of the remaining Series B preferred stock. We expect to cause the conversion of those shares upon fulfillment of the required 90-day notice period ending September 30, 2014.

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, 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 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.

Additional engineering and operational investment is being channeled into reinvigorating our product portfolio and capitalizing on technology advancement opportunities. A shared North American engineering center for our Light Vehicle and Commercial Vehicle operating segments allows us to share technologies among these businesses. New engineering facilities in India and China 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. In December 2013, we announced the opening of a new technology center in Cedar Park, Texas to support our VariGlide™ CVP technology alliance development initiatives.

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 opening new engineering facilities in India and China in 2013, we commenced construction of a new gear manufacturing operation in Thailand that is scheduled to be operational in 2014. We also 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 2012, we opened a business development office in Moscow, Russia to focus on expanding our business opportunities in this region and, in 2013, we expanded our distribution and aftermarket capabilities supporting this market. In South America, our strategic agreement with SIFCO S.A. (SIFCO), entered in February 2011, makes 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 like the SIFCO and AIL transactions 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 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. With a continued emphasis on process improvements and productivity throughout the organization, we expect cost reductions to continue contributing to future margin improvement.

Trends in Our Markets

Global Vehicle Production (Full Year)

(Units in thousands)	Dana 2014 Outlook			Actual 2013	2012
North America					
Light Truck (Full Frame)	3,750	to	3,850	3,632	3,464
Light Vehicle Engines	14,700	to	15,100	14,233	13,805
Medium Truck (Classes 5-7)	200	to	210	201	188
Heavy Truck (Class 8)	280	to	290	245	279
Agricultural Equipment	70	to	75	75	75
Construction/Mining Equipment	150	to	155	157	163
Europe (including Eastern Europe)					
Light Truck	7,400	to	7,500	7,276	6,905
Light Vehicle Engines	21,000	to	22,000	20,836	20,426
Medium/Heavy Truck	380	to	390	400	400
Agricultural Equipment	220	to	240	244	255
Construction/Mining Equipment	300	to	310	298	322
South America					
Light Truck	1,100	to	1,200	1,302	1,219
Light Vehicle Engines	3,300	to	3,400	3,775	3,644
Medium/Heavy Truck	185	to	195	218	172
Agricultural Equipment	40	to	45	54	48
Construction/Mining Equipment	18	to	22	20	19
Asia Pacific					
Light Truck	21,000	to	22,000	20,515	18,672
Light Vehicle Engines	46,100	to	47,100	45,213	42,857
Medium/Heavy Truck	1,500	to	1,600	1,522	1,492
Agricultural Equipment	750	to	800	788	750
Construction/Mining Equipment	550	to	570	555	614

North America

Light vehicle markets — Improving economic conditions during the past couple of 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 and improving consumer confidence have stimulated new vehicle sales. Light vehicle sales in the second quarter and first half of 2014 were 4% and 3% stronger than the comparable periods in 2013. Light vehicle production increased in line with unit sales, with this year's second quarter production of around 4.4 million units and first half production of about 8.6 million units up about 4% from last year. In the full frame light truck segment where more of our programs are focused, second quarter and first half production in 2014 was about 10% and 8% stronger than the same periods of last year. Inventory levels of total light vehicles in the U.S. continue to be near normal levels. Inventory of around 59 days' supply at the end of June 2014 compares with 64 days at the end of 2013 and 60 days at the end of last year's second quarter. Full frame light truck inventory of 78 days' supply at the end of June 2014 compares with 67 days at the end of 2013 and 74 days at the end of March 2013.

We expect that improving economic fundamentals will continue to benefit the North American light vehicle markets. Full frame light truck production has been stronger than initially expected this year. As such, we increased our full year production outlook for this segment to a range of 3.75 to 3.85 million units, putting it up 3 to 6% over 2013. Our outlook for full year 2014 light vehicle engine production is unchanged at 14.7 to 15.1 million units, a 3 to 6%

increase over 2013.

Medium/heavy vehicle markets — As with the light vehicle market, medium duty Classes 5-7 truck production has increased over the past couple of years, with the rate of production growth slowing in 2013. Similar to the North America light vehicle market, improving economic conditions are beginning to strengthen 2014 unit sales and production levels of medium/heavy trucks. Second quarter 2014 medium duty production of around 58,000 units was about 9% higher than the second quarter of last year, while first half production levels were up about 10%. In the heavy-duty Class 8 truck market, after increasing significantly in 2011 and 2012, production declined in 2013 as truck buyers in this segment were more cautious regarding the

pace of economic recovery and opted to delay replacing existing vehicles. During the last quarter of 2013 and continuing into 2014, the order book for Class 8 vehicles has been strengthening. Second quarter 2014 production of about 73,000 units is up about 8% from the same period of last year, while first half 2014 production is about 15% higher.

With economic factors continuing to benefit the North America medium/heavy market during the second half of 2014, we've increased our full year Class 8 vehicle production expectation to a range of 280,000 to 290,000 units, an increase of 15,000 units from our April 2014 forecast, putting 2014 production about 14 to 18% higher than in 2013. Although our full year 2014 outlook for medium-duty Classes 5-7 production is unchanged at 200,000 to 210,000 units, we expect to be near the high end of that range, resulting in full year production being about 4% higher than in 2013.

Markets Outside of North America

Light vehicle markets — European production levels in recent years have been adversely impacted by overall economic weakness brought on in part by sovereign debt concerns, high unemployment levels, governmental austerity actions in many countries and other economic factors. The region began seeing some economic stability take hold in 2013, contributing to light vehicle engine and truck production being up about 2%. Signs of continued economic improvement were reflected in light vehicle engine and light truck production levels for the first six months of 2014 which were 3% and 7% stronger than the same period of 2013. We expect overall continued economic stability and improvement as we progress through the remainder of 2014, with full year light vehicle engine build expected to be flat to up 6% versus 2013 and light truck production now being up about 2 to 3% from 2013, slightly stronger than our April 2014 forecast. A number of South American markets, in particular Venezuela and Argentina, are experiencing difficult economic environments. After improving slightly in 2013, first half 2014 light vehicle engine production was down 17% compared to the first half of 2013, with comparative second quarter production down about 25%. Light truck production for the first six months of this year was down about 14% from last year's first half, with 2014 second quarter production being down about 23%. Although we expect vehicle production to resume in Venezuela during the third quarter, we expect the economic environment in South America to be relatively weak during the remainder of this year. We lowered our full year 2014 light truck production forecast, which now reflects production being down about 8 to 16%, and we reduced our light vehicle engine production forecast to levels that are about 10 to 13% below last year. Light vehicle engine and light truck production levels in the Asia Pacific region were up about 5% and 11% in the first half of 2014 as compared to the same period in 2013, principally on the strength of stronger production in China. We increased our full year 2014 production outlook in the Asia Pacific region to levels reflecting increased light vehicle engine production of about 2 to 4% and higher light truck production of about 2 to 7% compared to last year.

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. An improving economic environment in Europe contributed to medium/heavy production in the second quarter and first half of 2014 being up about 3 to 4% from the same period of 2013. Our outlook for full year 2014 Europe production is unchanged from April 2014, reflecting a modest decline compared with full year 2013 production. South American medium/heavy truck production levels in this year's first six months were down about 16% from 2013, with second quarter 2014 production down nearly 30% from the previous year. With relative weakness persisting in this market for the remainder of this year, we've reduced our full year 2014 production expectation to levels that are 11 to 15% below full year 2013. Asia Pacific medium/heavy truck production increased about 2% in 2013 after declining in each of the two preceding years. Production levels have been relatively stable in 2014, with production during the first six months of this year being comparable to the first half of 2013. For the full year of 2014, we expect medium/heavy truck production to be in line with our April 2014 forecast, which has production for the year flat to up 5% over 2013.

Off-Highway Markets

Our Off-Highway business has a large presence outside of North America, with about 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, both of which experienced increased demand during 2012 and 2011. While the agriculture market remained fairly stable in 2013, the construction/mining segment experienced considerable weakness with global production down about 8%. In the second quarter and first half of 2014, demand levels in the agriculture and mining segments of this business were weaker than in 2013, while the construction sector was up slightly. For the full year of 2014, we lowered our agriculture segment production outlook from our April 2014 forecast as we expect the first-half weakness to persist during the remainder of the year. As such, we are now forecasting global agriculture production to be flat to down 7% from 2013. Our outlook for the construction/mining segment is for full year global production in 2014 to be flat to up 3% from last year.

Venezuela Operations

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. During the first six months of 2014, our major original equipment customers suspended production in the country, causing us to significantly curtail our production activities. Our sales in Venezuela during the first six months of 2014 approximated $50, mostly relating to aftermarket business. By comparison, first half sales in 2013 approximated $70, with the devaluation of the bolivar during that period contributing to some market disruptions. Full year sales in 2013 approximated$170.

As more fully described in Note 1 to our consolidated financial statements in Item 1 of Part I, 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 Venezuelan subsidiaries 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. After declining to 10.0 bolivars per U.S. dollar during the second quarter, the SICAD rate increased to 10.6 bolivars per U.S. dollar at June 30, 2014. Based on our current bolivar-denominated net monetary asset position, a change in the exchange rate to 20 bolivars per U.S. dollar would result in an estimated pre-tax charge to net income of $12.

At June 30, 2014, the net investment in our Venezuelan operations was $58. Included in this investment is $38 of bolivar-denominated cash, $31 of property plant and equipment and $45 of U.S. dollar-denominated intercompany and third party obligations. As of March 31, 2014, we had submitted requests to the National Center of Foreign Commerce (CENCOEX) seeking approval to satisfy $44 of U.S. dollar-denominated obligations with bolivars at the official exchange rate of 6.3. During the second quarter of 2014, CENCOEX approved $17 of our submitted requests for exchange at the official exchange rate, with $13 converted to U.S. dollars in the second quarter of 2014 and $4 converted in July 2014. We recognized foreign exchange gains of $7 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 Venezuela operations. As of June 30, 2014, we had outstanding requests with CENCOEX seeking approval to satisfy $30 of U.S. dollar-denominated obligations with bolivars at the official exchange rate.

During the second quarter of 2014, to satisfy applicable Venezuela import/export and foreign exchange requirements, our Venezuela operation 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 $6 in other income, net.

The future performance of our Venezuela operations and recoverability of our investment remains highly uncertain. Our ability to operate profitably in Venezuela will depend on several factors, including ongoing exchange control regulations, further devaluations of the bolivar, our ability to import materials into the country, resumption of operations by our major customers and our ability to implement pricing which will enable recovery of increased costs.

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.

In the second quarter and first six months of 2014, higher commodity prices increased our costs by approximately $16 and $26 as compared to the corresponding period in 2013, while last year's second quarter and first half results reflected increased costs of $4 and $9 versus 2012. Material recovery and other pricing actions increased sales by about $14 in the second quarter of 2014 and $13 for the first half of 2014 as compared to increasing sales by $17 and $20 in last year's second quarter and first half, excluding devaluation-related pricing adjustments in Venezuela.

Sales, Earnings and Cash Flow Outlook

	2014 Outlook	2013	2012
Sales	~ $6,800	$6,769	$7,224
Adjusted EBITDA	~ $760	$745	$781
Free Cash Flow	$275 - $295	$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 2012 and 2013, 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 served 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 two years were the most significant factor reducing our reported sales, while scheduled light vehicle program roll-offs also contributed to the decrease. For 2014, we expect market volumes in most of our end user markets and regions to be stable or up sightly, although certain of our markets – South America, Thailand and India – are experiencing continued economic challenges and our global off-highway business has been somewhat weaker. With continuing currency headwinds and economic weakness principally in South America, we currently expect full year 2014 sales to approximate $6,800.

We have placed significant focus on 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 as a percent of sales during the past couple of years. With inflationary, currency and economic developments in certain South American and Asian countries presenting more of a 2014 headwind than originally expected, our full year Adjusted EBITDA outlook approximates $760, with Adjusted EBITDA as a percent of sales expected to be comparable to up slightly from 2013.

Our cash flow has benefited primarily from increased earnings and lower capital spending, more than offsetting higher working capital requirements associated with increased sale volumes, higher tax obligations and larger pension funding commitments. Free cash flow in 2012 was impacted by a $150 voluntary contribution to our U.S. pension plans. In 2013, free cash flow benefited, in part, from a strong focus on inventory reduction and other working capital efficiencies during the latter part of the year. We also benefited from the receipt of $28 of interest relating to a callable payment-in-kind note receivable. With our relatively stable sales outlook, we expect another strong year of free cash generation in 2014. Our 2014 free cash flow outlook is unchanged from our April 2014 guidance. With the back half of 2014 expected to be stronger than 2013, we expect higher sales will require increased working capital. Our free cash flow outlook of $275 to $295 includes expected capital spending of about $230, up slightly from 2013. Cash taxes of about $130 are comparable with 2013, and restructuring expenditures which are now expected to be around $30 are slightly lower than last year. With the additional debt we added in the second half of 2013, net interest will consume cash of around $70 in 2014. Net interest in 2014 includes $40 of interest received in January 2014 from the sale of a callable payment-in-kind note receivable, which compares with $28 received in 2013 from prepayment proceeds on this note. Pension contributions are expected to be lower in 2014 at around $25 as we do not expect to make additional contributions to our U.S. plans based on their present funding levels.

During the above period we also began putting increased focus and investment into product technology and directing increased attention to the growth initiatives described in the Operational and Strategic Initiatives section above to position us for profitable future growth. Partly attributable to some of these new technologies, we have net new business that has been awarded that is expected to increase sales by $560 during 2014 through 2016, with most of that

coming in the last two years. 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 (Second Quarter, 2014 versus 2013)

	Three Months Ended June 30,				
	2014		2013		
	Dollars	% of Net Sales	Dollars	% of Net Sales	Increase/ (Decrease)
Net sales	$1,710		$1,800		$(90)
Cost of sales	1,462	85.5 %	1,541	85.6 %	(79)
Gross margin	248	14.5 %	259	14.4 %	(11)
Selling, general and administrative expenses	108	6.3 %	105	5.8 %	3
Amortization of intangibles	10		18		(8)
Restructuring charges, net	3		4		(1)
Other income, net	21		18		3
Income from continuing operations before interest expense and income taxes	148		150		(2)
Interest expense	29		21		8
Income from continuing operations before income taxes	119		129		(10)
Income tax expense	33		35		(2)
Equity in earnings of affiliates	6		3		3
Income from continuing operations	92		97		(5)
Loss from discontinued operations	(2)		(1)		(1)
Net income	90		96		(6)
Less: Noncontrolling interests net income	4		4		—
Net income attributable to the parent company	$86		$92		$(6)

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

	Three Months Ended June 30,			Amount of Change Due To	
	2014	2013	Increase/(Decrease)	Currency Effects	Organic Change
North America	$810	$800	$ 10	$(4)	$14
Europe	537	517	20	26	(6)
South America	181	271	(90)	(38)	(52)
Asia Pacific	182	212	(30)	(12)	(18)
Total	$1,710	$1,800	$ (90)	$(28)	$(62)

Sales for the second quarter of 2014 were $90 lower than in the same period of 2013. Overall weaker international currencies reduced sales by $28 while weaker market volumes, principally across the South America region and in our Off-highway business, and other factors contributed to a decline of $76. Partially offsetting the volume and currency effects was pricing and material recovery improvement of $14.

Stronger production levels in North America were largely responsible for the increased sales in this region. Light vehicle engine production and full frame light truck production were up 5% and 10% from the second quarter of 2013 while medium/heavy truck production levels were about 8% higher. Partially offsetting the increased sales from stronger light and commercial vehicle market production levels was lower Off-Highway sales, partly due to reduced demand levels and partly to a customer program discontinued in 2013.

Excluding currency effects, principally from a stronger Euro and British pound, our second-quarter 2014 sales in Europe were 1% lower than in 2013. Weaker demand in our Off-Highway business, which has a significant European presence, lowered sales by $23 in that segment, more than offsetting the increased sales from stronger light vehicle and medium/heavy truck related production.

South America sales in this year's second quarter were adversely impacted by weaker currencies in Brazil and Argentina and use of the SICAD rate rather than the official rate for translation of our Venezuela operations. Excluding currency effects,

second-quarter sales were down 19% from the same period in 2013. The organic sales decrease in the region was primarily driven by reductions in production levels of more than 20% in the light truck and medium/heavy truck markets.

Sales in the Asia Pacific region were down 14% from the second quarter of 2013. Reductions in sales from currency effects were primarily attributable to a weaker Thai baht and Indian rupee. The organic sales decrease of 8% in the region was driven by weaker sales volumes in Thailand, Australia and India.

Cost of sales and gross margin — The cost of sales decline of $79 for the second quarter of 2014 was primarily driven by weaker overall international currencies and lower market demand in the South America region and our Off-Highway business. The reduction in cost of sales approximated 5%, while the decline in sales after adjusting for $14 of pricing and material improvement was approximately 6%. The smaller decrease in cost of sales is principally attributable to the effect of lower sales volumes on absorption of fixed manufacturing costs. An increase in warranty costs of $5 in this year's second quarter also unfavorably impacted cost of sales. Continued supplier rationalization and other supply chain initiatives provided incremental material cost reductions of approximately $17, which offset higher commodity costs of about $16. Also favorably impacting cost of sales was reduced engineering and product development costs of $2.

Gross margin of $248 in the second quarter of 2014 decreased $11 from the same period in 2013, representing 14.5% of sales in 2014 as compared to 14.4% of sales in 2013. Gross margin benefited by $14 from increased pricing and material recovery in 2014, which offset the increased cost of sales as a percent of sales – 86.2% exclusive of pricing and material recovery improvement.

Selling, general and administrative expenses (SG&A) — SG&A expenses in 2014 were $108 (6.3% of sales) as compared to $105 (5.8% of sales) in 2013. Salary and benefits expense in this year's second quarter was approximately $2 higher than in 2013, with selling expense and other discretionary spend also being up $1.

Amortization of intangibles — The reduction of $8 in amortization of intangibles is attributable to certain customer related intangibles becoming fully amortized in January 2014.

Restructuring charges — Restructuring charges of $3 in the second quarter of 2014 represented employee separation costs associated with the closure of our Commercial Vehicle foundry in Argentina and continuing employee separation and exit costs associated with previously announced facility closure and realignment actions. The restructuring charges of $4 in the second quarter of 2013 included $10 relating primarily to headcount reduction initiatives in Argentina and Australia, offset by a reversal of $6 resulting from plan modifications.

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

	Three Months Ended June 30,	
	2014	2013
Interest income	$3	$5
Government grants and incentives	1	1
Foreign exchange gain	14	4
Strategic transaction expenses		(2)
Write-off of deferred financing costs		(2)
Gain on sale of marketable securities		3
Recognition of unrealized gain on payment-in-kind note receivable		5
Other	3	4

Other income, net	$21	$18

Interest income decreased $2 from 2013 as a result of selling our payment-in-kind note receivable during the first quarter of 2014. During the second quarter of 2013, we received a payment on the payment-in-kind note receivable which resulted in the recognition of $5 of unrealized gain that arose following the valuation of the note below its callable value at emergence from bankruptcy. Effective March 31, 2014, we ceased using the official exchange rate of 6.3 bolivars per U.S. dollar and began using the SICAD rate, which was 10.7 bolivars per U.S. dollar (as published by the Central Bank of Venezuela) at March 31, 2014 and 10.6 bolivars per U.S. dollar at June 30, 2014, to remeasure the financial statements of our Venezuelan subsidiaries. During the second quarter of 2014, we realized a $7 gain as CENCOEX approved a portion of our pending claims to settle U.S. dollar obligations at the official exchange rate of 6.3. Also during the second quarter of 2014,we realized a $6 gain on the sale

of U.S. dollars through SICAD 2 at an average rate of 49.9 bolivars per U.S. dollar. During the second quarter of 2013, we recognized a gain of $3 relating to settlement of Venezuelan U.S. dollar obligations at the 4.3 official rate that existed prior to the February 2013 devaluation of the bolivar. See Note 1 to our consolidated financial statements in Item 1 of Part I for additional information. During 2013, we wrote off $2 of deferred financial costs associated with our prior revolving credit facility.

Interest expense — Interest expense was $29 and $21 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 11 to our consolidated financial statements in Item 1 of Part I, 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 7.1% and 8.7% in 2014 and 2013.

Income tax expense — Income tax expense of our continuing operations was $33 and $35 in the second quarter of 2014 and 2013. The effective income tax rates vary from the U.S. federal statutory rate of 35% primarily due to valuation allowances in several countries, nondeductible expenses, different statutory rates outside the U.S. and withholding taxes. As part of applying the annual effective tax rate, we recognized net expense of $2 and $2 for the quarters ended June 30, 2014 and 2013 related to future income taxes and non-U.S. withholding taxes on repatriations from operations that are not permanently reinvested. During the second quarter of 2014, we also recognized expense of $1 for withholding taxes associated with changes to planned repatriations of certain foreign earnings and we accrued $2 for the settlement of outstanding tax matters in Italy.

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 $675 of the valuation allowances against our U.S. deferred tax assets could be released in the next twelve months. See Note 15 to our consolidated financial statements in Item 1 of Part I for a discussion of the factors considered in our quarterly evaluation of the valuation allowances against our U.S. deferred tax assets.

Equity in earnings of affiliates — Equity investments provided net earnings of $6 and $3 in 2014 and 2013, with equity in earnings of DDAC being $3 in 2014 and 2013. Equity in earnings of Bendix Spicer Foundation Break, LLC (BSFB) were $3 in 2014 and $2 in 2013.

Loss from discontinued operations — Discontinued operations activity relates to our Structural Products business that was substantially divested in 2010. The loss from discontinued operations for the second quarter of 2014 includes the charge that resulted from final settlement of the claims presented by the buyer and legal fees. See Note 3 to our consolidated financial statements in Item 1 of Part I.

Summary Consolidated Results of Operations (Year-to-Date, 2014 versus 2013)

	Six Months Ended June 30,				
	2014		2013		
	Dollars	% of Net Sales	Dollars	% of Net Sales	Increase/ (Decrease)
Net sales	$3,398		$3,476		$(78)
Cost of sales	2,916	85.8 %	3,003	86.4 %	(87)
Gross margin	482	14.2 %	473	13.6 %	9
Selling, general and administrative expenses	213	6.3 %	208	6.0 %	5
Amortization of intangibles	23		37		(14)
Restructuring charges, net	12		6		6
Other income, net	15		20		(5)
Income from continuing operations before interest expense and income taxes	249		242		7
Interest expense	59		42		17
Income from continuing operations before income taxes	190		200		(10)
Income tax expense	67		62		5
Equity in earnings of affiliates	7		7		—
Income from continuing operations	130		145		(15)
Income (loss) from discontinued operations	(3)		1		(4)
Net income	127		146		(19)
Less: Noncontrolling interests net income	7		12		(5)
Net income attributable to the parent company	$120		$134		$(14)

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

	Six Months Ended June 30,			Amount of Change Due To	
	2014	2013	Increase/(Decrease)	Currency Effects	Organic Change
North America	$1,570	$1,522	$ 48	$(8)	$56
Europe	1,070	1,020	50	40	10
South America	390	491	(101)	(79)	(22)
Asia Pacific	368	443	(75)	(25)	(50)
Total	$3,398	$3,476	$ (78)	$(72)	$(6)

Sales for the first six months of 2014 were $78 lower than for the same period of 2013, with weaker international currencies contributing $72 of the decrease. Adjusted for currencies, sales were down $6 as stronger light vehicle and medium/heavy truck production levels in North America and Europe and $13 of pricing/material recovery improvement were generally offset by reduced demand and economic weakness in the South America and Asia Pacific regions and lower demand in our off-highway markets.

Stronger production levels in North America were largely responsible for the 4% organic sales increase in this region. Light vehicle engine production and full frame light truck production were 5% and 8% stronger than in the first six months of last year, while medium/heavy truck production levels were about 13% higher. Partially offsetting the increased sales from these stronger production levels was lower Off-Highway sales, due partly to reduced demand levels and partly to a customer program discontinued in 2013.

Excluding currency effects, principally from a stronger Euro and British pound, our sales in Europe in the first half of 2014 were 1% higher than in 2013. Increases in light vehicle engine production and medium/heavy truck production of around 3 to 4% were the primary drivers of the increased organic sales. Partially offsetting the improvement in these markets was lower demand in our off-highway markets.

South America sales in the first six months of 2014 were adversely impacted by weaker currencies in Brazil and Argentina and use of the SICAD rate rather than the official rate for translation of our Venezuelan operations. Excluding currency effects, sales were down 4% from the same period in 2013. The organic sales decrease in the region was primarily driven by reductions in production levels of more than 15% in the medium/heavy truck market. Although six-month light vehicle production levels were also weaker on a year-over-year basis, new business and content increases helped offset the decline in this market.

First-half 2014 sales in the Asia Pacific region were down 17% from the first half of 2013. Reductions in sales from currency effects were primarily attributable to the weaker Thai baht and Indian rupee. The organic sales decrease of 11% in the region was driven principally by weaker sales volumes in Thailand, Australia and India.

Cost of sales and gross margin — Cost of sales for the first six months of 2014 declined $87, primarily due to currency effects and lower sales volumes. The reduction in cost of sales was 3%, about the same as the decline in sales after adjusting for $13 of sales improvement from pricing and material recovery. Continued supplier rationalization and other supply chain initiatives provided incremental material cost reductions of approximately $32 which, along with other cost reductions, generally offset higher commodity costs of about $26, additional warranty expense of $7 and an increase in engineering and product development costs of $4.

Gross margin of $482 in the first six months of 2014 increased $9 from the same period in 2013, representing 14.2% of sales in 2014 as compared to 13.6% of sales in 2013. The margin improvement is due principally to $13 of pricing and material recovery, as cost of sales as a percent of sales was 86.1% exclusive of pricing and material recovery improvement – about the same as in the first half of 2013.

Selling, general and administrative expenses (SG&A) — SG&A expenses in the first half of 2014 were $213 (6.3% of sales) as compared to $208 (6.0% of sales) in the first half of 2013. Salary and benefits expense in this year's first half was approximately $5 higher than in the same period in 2013, with selling expense and other discretionary spend being flat when compared to 2013.

Amortization of intangibles — The reduction of $14 in amortization of intangibles is attributable to certain customer related intangibles becoming fully amortized in January 2014.

Restructuring charges — Restructuring charges of $12 in the first half of 2014 represented employee separation costs associated with the closure of our Commercial Vehicle foundry in Argentina and continuing employee separation and exit costs associated with previously announced facility closures and realignment actions. The restructuring charges of $6 in the same period in 2013 included $11 relating primarily to headcount reduction initiatives in Argentina and Australia, offset by a reversal of $7 resulting from plan modifications.

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

	Six Months Ended June 30,	
	2014	2013
Interest income	$6	$12
Government grants and incentives	2	2
Foreign exchange gain (loss)	2	(4)
Strategic transaction expenses	(1)	(4)
Write-off of deferred financing costs		(2)
Gain on sale of marketable securities		3
Recognition of unrealized gain on payment-in-kind note receivable	2	5

Insurance recoveries		2
Other	4	6
Other income, net	$15	$20

Interest income decreased $6 from 2013 as a result of selling our payment-in-kind note receivable during the first quarter of 2014. During the second quarter of 2013, we received a payment on the payment-in-kind note receivable which resulted in the recognition of $5 of unrealized gain that arose following the valuation of the note below its callable value at emergence from bankruptcy. The subsequent sale of the payment-in-kind note receivable during the first quarter of 2014 resulted in the recognition of the remaining $2 of unrealized gain. Effective March 31, 2014, we ceased using the official exchange rate of 6.3

bolivars per U.S. dollar and began using the SICAD rate, which was 10.7 bolivars per U.S. dollar (as published by the Central Bank of Venezuela) at March 31, 2014 and 10.6 bolivars per U.S. dollar at June 30, 2014, to remeasure the financial statements of our Venezuelan subsidiaries. The change to the SICAD rate resulted in a charge of $17 during the first quarter of 2014. During the second quarter of 2014, we realized a $7 gain as CENCOEX approved a portion of our pending claims to settle U.S. dollar obligations at the official exchange rate of 6.3. Also during the second quarter of 2014, we realized a $6 gain on the sale of U.S. dollars through SICAD 2 at an average rate of 49.9 bolivars per U.S. dollar. Foreign exchange loss for the first six months of 2013 includes a first-quarter charge of $6 resulting from the February 2013 devaluation of Venezuela's official exchange rate from 4.3 to 6.3 bolivars per U.S. dollar. During the second quarter of 2013, we recognized a gain of $3 relating to settlement of U.S. dollar obligations in Venezuela at the 4.3 official rate that existed prior to the February 2013 devaluation of the bolivar. See Note 1 to our consolidated financial statements in Item 1 of Part I for additional information. During 2013, we wrote off $2 of deferred financial costs associated with our prior revolving credit facility.

Interest expense — Interest expense was $59 and $42 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 11 to our consolidated financial statements in Item 1 of Part I, 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 7.0% and 8.5% in 2014 and 2013.

Income tax expense — Income tax expense of our continuing operations was $67 and $62 for the first six months of 2014 and 2013. The effective income tax rates vary from the U.S. federal statutory rate of 35% primarily due to valuation allowances in several countries, nondeductible expenses, different statutory rates outside the U.S. and withholding taxes. As part of applying the annual effective tax rate, we recognized net expense of $3 and $4 for the six months ended June 30, 2014 and 2013 related to future income taxes and non-U.S. withholding taxes on repatriations from operations that are not permanently reinvested. During the first six months of 2014, we also recognized expense of $5 for withholding taxes associated with changes to planned repatriations of certain foreign earnings and we accrued $2 for settlement of tax matters in Italy. In the first six months of 2013, we recorded a benefit of $2 for the release of certain valuation allowances in the United Kingdom.

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 $675 of the valuation allowances against our U.S. deferred tax assets could be released in the next twelve months. See Note 15 to our consolidated financial statements in Item 1 of Part I for a discussion of the factors considered in our quarterly evaluation of the valuation allowances against our U.S. deferred tax assets.

Equity in earnings of affiliates — Equity investments provided net earnings of $7 in the first half of both 2014 and 2013, with equity in earnings of DDAC being $2 in 2014 and $6 in 2013. Equity in earnings of BSFB were $5 in 2014 and $3 in 2013.

Income (loss) from discontinued operations — Discontinued operations activity relates to our Structural Products business that was substantially divested in 2010. The loss from discontinued operations for the six months ended June 30, 2014 includes the charge that resulted from final settlement of the claims presented by the buyer, exit costs incurred in connection with retained properties and legal fees. The income from discontinued operations for the six months ended June 30, 2013 was the net result of recoveries of prior costs finalized during the period, restructuring expenses related to ongoing maintenance of retained properties and legal fees. See Note 3 to our consolidated financial statements in Item 1 of Part I.

Segment Results of Operations (2014 versus 2013)

Light Vehicle

	Three Months			Six Months		
	Sales	Segment EBITDA	Segment EBITDA Margin	Sales	Segment EBITDA	Segment EBITDA Margin
2013	$673	$71	10.5 %	$1,292	$112	8.7 %
Volume and mix	(17)	(4)		10	1	
Performance	13	5		12	1	
Venezuelan bolivar devaluation		4			(7)	
Currency effects	(33)			(60)	(1)	
2014	$636	$76	11.9 %	$1,254	$106	8.5 %

Light Vehicle sales in the second quarter and first half of 2014 were adversely impacted by currency effects, principally from a lower valued Venezuela bolivar and Argentina peso. Exclusive of currency effects, sales in the second quarter of 2014 were about the same as in the comparable 2013 period, while six-month currency-adjusted sales were up about 2%. Stronger production levels in North America and Europe increased this segment's sales. North America full frame truck production in 2014 was up about 10% in the second quarter and 8% for the six-month period, while light engine production was 5% higher in both periods. In Europe, second quarter and six-month light truck production levels were 5% and 7% higher, with new business also contributing. Offsetting the increase in currency-adjusted sales in North America and Europe were lower sales in the Asia Pacific region, principally in Thailand, India and Australia. Pricing and material recovery increased second quarter and first half sales by $13 and $12, principally relating to inflationary cost increases in South America.

Light Vehicle segment EBITDA of $76 in this year's second quarter was $5 higher than EBITDA in the same period of 2013, while segment EBITDA of $106 for the first half of 2014 was down $6 from last year's first six months. As more fully discussed in Note 1 of our financial statements in Part 1, this segment's earnings were impacted by currency-related developments in Venezuela. The first quarter of 2014 included a charge of $17 for devaluation of the Venezuelan bolivar resulting from use of the SICAD exchange rate rather than the official exchange rate for translating the financial results of our Venezuelan operations. During the second quarter of this year, this segment's results benefited by $7 from gains on settlements of U.S. dollar obligations at the official rate of 6.3. The 2013 results included a charge of $6 in the first quarter relating to an official devaluation of the Venezuelan bolivar, while the six-month results also reflect a second-quarter 2013 gain of $3 resulting from settlement of U.S. dollar obligations at the 4.3 official rate in effect prior to the February 2013 devaluation. The net impact of these devaluation-related items was year-over-year increased second quarter EBITDA of $4 and decreased first half EBITDA by $7. During the second quarter of 2014, the Venezuela operations sold U.S. dollars in the SICAD 2 market, receiving on average 49.9 bolivars per dollar and recognizing a gain of $6 that is included above in currency effects.

The performance-related change in Light Vehicle's second quarter segment EBITDA reflects a pricing and material recovery benefit of $13 and material cost savings of $4. These benefits were partially offset by higher commodity costs of $10 and increases in other costs. The first half 2014 performance-related EBITDA improvement includes $12 of pricing and material recovery improvement and $7 of material cost savings, partially offset by higher commodity costs of $13 and a net reduction of $5 for other items.

Commercial Vehicle

	Three Months			Six Months		
	Sales	Segment EBITDA	Segment EBITDA Margin	Sales	Segment EBITDA	Segment EBITDA Margin
2013	$498	$61	12.2 %	$956	$102	10.7 %
Volume and mix	(29)	(5)		(6)	—	
Performance	2	(6)		2	(9)	
Currency effects	(8)	(3)		(32)	(2)	
2014	$463	$47	10.2 %	$920	$91	9.9 %

After adjusting for the effects of currency movements, second-quarter 2014 sales in our Commercial Vehicle segment were down about 5% compared to the same period in 2013. For this year's first six months, currency-adjusted sales were about the same as in the comparable 2013 period. Currency-adjusted sales in South America were lower by about $38 in the second quarter as medium/heavy truck production was down about 29%. Partially offsetting the South America volume reduction was stronger year-over-year medium/heavy truck production of about 8% in North America and 3% in Europe in the second quarter. With first quarter 2014 production in South America up slightly from 2013, the first half currency-adjusted sales decrease attributable to South America was less – approximately $25.

Consequently, with six-month production levels in North America and Europe up about 13% and 4%, the higher sales in these regions offset a significant portion of the South America decline.

Commercial Vehicle segment EBITDA of $47 in the second quarter of 2014 was $14 lower than in the same period of 2013, while six-month 2014 EIBTDA of $91 is $11 lower than in the first half of 2013. The year-over-year reduction in segment EBITDA attributed to performance includes increases in material commodity costs of $6 and $14 for the second quarter and first half. A favorable warranty adjustment of $2 in the second quarter of last year resulted in a year-over-year second quarter and first half EBITDA reduction. These were partially offset by material cost savings of $5 and $8 for the second quarter and first half.

Off-Highway

	Three Months			Six Months		
	Sales	Segment EBITDA	Segment EBITDA Margin	Sales	Segment EBITDA	Segment EBITDA Margin
2013	$364	$46	12.6 %	$707	$87	12.3 %
Volume and mix	(40)	(9)		(52)	(11)	
Performance	1	9		2	12	
Currency effects	10			19		
2014	$335	$46	13.7 %	$676	$88	13.0 %

Sales in our Off-Highway segment for the second quarter of 2014, net of currency effects, were down about 11% from the same period of 2013, while currency-adjusted sales for the first six months of 2014 were 7% lower. Lower demand levels, particularly in the agriculture and mining markets of this business, adversely affected segment sales in the three-month and six-month periods. Also contributing to the volume-related reduction was discontinuance of a customer program in 2013.

Segment EBITDA of $46 in the second quarter of 2014 was the same as the amount reported for Off-Highway in the comparable 2013 period, while six-month 2014 EBITDA of $88 was $1 higher than in the first half of 2013. More than offsetting the EBITDA reduction associated with lower volumes were the effects of performance improvements, primarily from material cost savings of $6 and $12 for the second quarter and first six months.

Power Technologies

	Three Months			Six Months		
	Sales	Segment EBITDA	Segment EBITDA Margin	Sales	Segment EBITDA	Segment EBITDA Margin
2013	$265	$39	14.7 %	$521	$75	14.4 %
Volume and mix	10	3		29	8	
Performance	(2)	(3)		(3)	1	
Currency effects	3	—		1	(1)	
2014	$276	$39	14.1 %	$548	$83	15.1 %

Power Technologies primarily serves the light vehicle market but also sells product to the medium/heavy truck and off-highway markets. Sales in the second quarter of 2014, net of currency effects, increased about 3% over the second quarter of 2013, while currency-adjusted sales for the first six months of this year increased by about 5%. Stronger light vehicle engine builds in North America, Europe and Asia Pacific, along with increased medium/truck production levels in North America and Europe, were the primary drivers of the increased sales volume.

Segment EBITDA of $39 reported for Power Technologies in the second quarter of 2014 was the same as that achieved in last year's second quarter, while six-month 2014 EBITDA of $83 is $8 higher than in the first half of 2013. Second quarter 2014 performance was adversely impacted by $4 of increased warranty expense. For the comparative six-month period, higher warranty expense and reduced pricing was offset by material cost savings and other cost reduction actions.

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 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Segment EBITDA				
Light Vehicle	$76	$71	$106	$112
Commercial Vehicle	47	61	91	102
Off-Highway	46	46	88	87
Power Technologies	39	39	83	75
Total Segment EBITDA	208	217	368	376
Corporate expense and other items, net	(3)	(2)	2	(3)
Adjusted EBITDA	205	215	370	373
Depreciation and amortization	(53)	(61)	(108)	(125)
Restructuring	(3)	(4)	(12)	(6)
Interest expense, net	(26)	(16)	(53)	(30)
Other*	(4)	(5)	(7)	(12)
Income from continuing operations before income taxes	119	129	190	200
Income tax expense	33	35	67	62
Equity in earnings of affiliates	6	3	7	7
Income from continuing operations	92	97	130	145
Income (loss) from discontinued operations	(2)	(1)	(3)	1
Net income	$90	$96	$127	$146

* Other includes strategic transaction expenses, stock compensation expense, write-off of deferred financing costs, recognition of unrealized gain on payment-in-kind note receivable and other items. See Note 17 to our consolidated financial statements in Item 1 of Part I 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net cash provided by operating activities	$193	$202	$193	$187
Purchases of property, plant and equipment	(60)	(42)	(96)	(71)
Free cash flow	$133	$160	$97	$116

Liquidity

Our global liquidity at June 30, 2014 was as follows:

Cash and cash equivalents	$1,172
Less: Deposits supporting obligations	(23)

Available cash	1,149
Additional cash availability from revolving facility	309
Marketable securities	168
Total global liquidity	$1,626

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 $164 held by a wholly-owned subsidiary, Dana Companies, LLC, at June 30, 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 June 30, 2014 consolidated cash balance were as follows:

	U.S.	Non-U.S.	Total
Cash and cash equivalents	$290	$748	$1,038
Cash and cash equivalents held as deposits	1	22	23
Cash and cash equivalents held at less than wholly-owned subsidiaries	1	110	111
Consolidated cash balance	$292	$880	$1,172

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 June 30, 2014, we had no borrowings under the revolving facility but we had utilized $48 for letters of credit. Based on our borrowing base collateral, we had availability as of that date under the revolving facility of $309 after deducting the outstanding letters of credit.

At June 30, 2014, we were in compliance with the covenants of our financing agreements. Under the revolving facility and the 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 indenture governing the senior notes includes similar incurrence-based covenants that may subject us to additional specified limitations.

During the first half of 2014, we paid $113 to acquire 5,320,850 shares of common stock in the open market under our $1,000 share repurchase program, leaving $58 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.

We operate in Venezuela where government exchange controls place restrictions on our ability to repatriate funds, and in Argentina, where trade-related initiatives and other government restrictions limit our ability to optimize operating effectiveness. At June 30, 2014, our net asset exposures related to Venezuela and Argentina were approximately $58 and $33 respectively, including $31 and $10 of net fixed assets.

As of June 30, 2014, we had $38 of bolivar-denominated cash and cash equivalent balances, including $4 that was converted to U.S. dollars at the official exchange rate in July 2014, and $30 of U.S. dollar exchange requests pending with CENCOEX for settlement at the official exchange rate of 6.3 bolivars per U.S. dollar. These exchange requests have been

outstanding for up to 12 months. We have had $44 of claims settled at the official exchange rate of 6.3 since February 2013. In the event we obtain approval to exchange bolivars at the official rate, we would recognize foreign exchange gains as such bolivars are currently valued at the June 30, 2014 SICAD rate of 10.6.

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 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

	Six Months Ended June 30,	
	2014	2013
Cash used for working capital	$(96)	$(84)
Other cash provided by operations	289	271
Net cash provided by operating activities	193	187
Net cash used in investing activities	(103)	(75)
Net cash used in financing activities	(152)	(117)
Net decrease in cash and cash equivalents	$(62)	$(5)

The table above summarizes our consolidated statement of cash flows. During the first half of 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 relates to prior years. Subsequently 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 cash received 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 $289 and $271 in 2014 and 2013. Lower operating earnings in 2014 were largely offset by higher year-over-year cash received on our payment-in-kind note receivable attributed to interest and to lower pension contributions.

Working capital used cash of $96 in the first half of 2014 and $84 in last year's first half. Higher second quarter sales as compared to prior year fourth quarter sales for both 2014 and 2013 resulted in increased levels of receivables and inventory. Cash of $130 was used in 2014 to finance increased receivables and $187 was used in 2013. We also used cash of $56 and $52 to fund higher inventory levels in 2014 and 2013. Partially offsetting the cash used for higher receivables and inventory in both 2014 and 2013 was cash provided by increases in accounts payable and other net liabilities of $90 in 2014 and $155 in 2013.

Investing activities — Expenditures for property, plant and equipment in the first quarter of 2014 were $96, as compared to $71 in 2013. As discussed above, during 2014 and 2013 we received $35 and $33 of principal related to our payment-in-kind note receivable. During 2014 and 2013, net purchases of marketable securities were primarily funded by cash receipts related to our payment-in-kind note receivable. During the first half of 2014 we received $9 from the escrow agent upon reaching final agreement on all pending claims related to the sale our Structural Products business in 2010. During the first half of 2013 we paid $8 related to our strategic alliance with Fallbrook.

Financing activities — During the first half of 2014, we made scheduled long-term debt repayments at international locations. During the first half of 2013, we increased long-term borrowings at international locations and paid $3 in financing costs to amend our revolving facility. Dividends paid to preferred shareholders were $4 and $15 in the first half of 2014 and 2013. The decrease in preferred dividends paid is due to the third quarter 2013 redemption of our Series A preferred stock and a decrease in our outstanding Series B preferred stock as holders have converted 3,059,411 Series B preferred shares into common stock since June 30, 2013. We used $113 to repurchase 5,320,850 common shares and $86 to repurchase 4,970,777 common shares during the first half of 2014 and 2013. During the first half of 2013, we paid $7 to purchase the noncontrolling interests in our United Kingdom subsidiaries.

Contractual Obligations

Preferred dividends accrued but not paid were $2 at June 30, 2014 and $4 at December 31, 2013.

There have been no material changes at June 30, 2014 in our contractual obligations from those reported or estimated in the disclosures in Item 7 of our 2013 Form 10-K.

Contingencies

On April 22, 2014, SIFCO S.A. and affiliated companies filed for judicial reorganization before Bankruptcy Court in São Paulo, Brazil, and an ancillary Chapter 15 proceeding before the Bankruptcy Court of the Southern District of New York. At present, SIFCO is expected to continue operating while going through reorganization proceedings, and no significant disruptions are anticipated to SIFCO's supply of product to Dana. The supply agreement with SIFCO provides Dana with an option of exercising preferential contractual rights, including access rights, as well as other legal rights and remedies, in the event that SIFCO is unable to satisfy the product supply requirements of the agreement. During 2013, our Commercial Vehicle operating segment purchased approximately $170 of products under the supply agreement with SIFCO.

For a summary of litigation and other contingencies, see Note 13 to our consolidated financial statements in Item 1 of Part I. 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 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. There have been no material changes in the application of our significant accounting policies or critical accounting estimates. Our significant accounting policies are described in Note 1 to our consolidated financial statements in Item 1 of Part I of this Form 10-Q, as well as in Note 1 to our consolidated financial statements in Item 8 of our 2013 Form 10-K. Our critical accounting estimates are described in Item 7 of our 2013 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

During May 2014, we canceled two of our foreign currency-denominated intercompany loans which had an aggregate U.S. dollar equivalent exposure of approximately $375. The $225 of currency swaps associated with these euro-denominated and Canadian dollar-denominated loans were also terminated at that time. See Note 12 to our consolidated financial statements in Item 1 of Part I for additional information.

There have been no material changes to market risk exposures related to changes in interest rates or commodity costs from those discussed in Item 7A of our 2013 Form 10-K.

Item 4. Controls and Procedures

Disclosure controls and procedures — We maintain disclosure controls and procedures that are designed to ensure that the information disclosed in the reports we file with the SEC under the Securities Exchange Act of 1934, as amended (Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief

Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Report on Form 10-Q. Our CEO and CFO have concluded that, as of the end of the period covered by this Report on Form 10-Q, our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

Changes in internal control over financial reporting — There was no change in our internal control over financial reporting that occurred during our fiscal quarter ended June 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CEO and CFO certifications — The Certifications of our CEO and CFO that are attached to this report as Exhibits 31.1 and 31.2 include information about our disclosure controls and procedures and internal control over financial reporting. These Certifications should be read in conjunction with the information contained in this Item 4 and in Item 9A of our 2013 Form 10-K for a more complete understanding of the matters covered by the Certifications.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

As discussed in Note 13 to our consolidated financial statements in Item 1 of Part I, 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, availability and limits of our insurance coverage and our established reserves for uninsured liabilities), we believe that any liabilities that may result from these proceedings beyond the amounts already accrued are not reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

Item 1A. Risk Factors

There have been no material changes in our risk factors disclosed in Item 1A of our 2013 Form 10-K.

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

Issuer's purchases of equity securities - On October 25, 2012, our Board of Directors approved a share repurchase program of up to $250 of our outstanding shares over a two-year period. On June 28, 2013, our Board of Directors approved an expansion of the share repurchase program to up to $1,000 over the next two years. 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 $49 to repurchase shares of our common stock during the second quarter of 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
April	Common	836,350	$22.77	836,350	$88
May	Common	690,700	$21.35	690,700	$73
June	Common	684,300	$23.20	684,300	$58

Item 6. Exhibits

The Exhibits listed in the “Exhibit Index” are filed or furnished with this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

DANA HOLDING CORPORATION

Date: July 24, 2014

By: /s/ William G. Quigley III
William G. Quigley III
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification by Chief Executive Officer. Filed with this Report.
31.2	Rule 13a-14(a)/15d-14(a) Certification by Chief Financial Officer. Filed with this Report.
32	Section 1350 Certifications (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002). Filed with this Report.
101	The following materials from Dana Holding Corporation’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statement of Operations, (ii) the Consolidated Statement of Comprehensive Income, (iii) the Consolidated Balance Sheet, (iv) the Consolidated Statement of Cash Flows and (v) Notes to the Consolidated Financial Statements. Filed with this Report.