DANA HOLDING CORP
Form 10-K
February 18, 2016

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

For the Fiscal Year Ended: December 31, 2015
Commission File Number: 1-1063

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

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

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

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

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant computed by reference to the closing price of the common stock on June 30, 2015 was $3,289,900,525.

APPLICABLE ONLY TO CORPORATE ISSUERS:

There were 149,370,259 shares of the registrant's common stock outstanding at February 5, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the Annual Meeting of Stockholders to be held on April 28, 2016 are incorporated by reference into Part III.

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Forward-Looking Information

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

PART I

(Dollars in millions, except per share amounts)

Item 1. Business

General

Dana Holding Corporation (Dana) is headquartered in Maumee, Ohio and was incorporated in Delaware in 2007. As a global provider of high technology driveline (axles, driveshafts and transmissions), sealing and thermal-management products our customer base includes virtually every major vehicle manufacturer in the global light vehicle, medium/heavy vehicle and off-highway markets. We employ approximately 23,100 people, operate in 25 countries and have 90 major facilities around the world.

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

Overview of our Business

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

External sales by operating segment for the years ended December 31, 2015, 2014 and 2013 are as follows:

	2015			2014			2013		
	Dollars	% of Total		Dollars	% of Total		Dollars	% of Total	
Light Vehicle	$2,482	40.9	%	$2,496	37.7	%	$2,549	37.7	%
Commercial Vehicle	1,533	25.3	%	1,838	27.8	%	1,860	27.5	%
Off-Highway	1,040	17.2	%	1,231	18.6	%	1,330	19.6	%
Power Technologies	1,005	16.6	%	1,052	15.9	%	1,030	15.2	%
Total	$6,060			$6,617			$6,769		

Refer to Segment Results of Operations in Item 7 and Note 18 to our consolidated financial statements in Item 8 for further financial information about our operating segments.

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

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

Geographic Operations

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

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

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

Sales reported by our non-U.S. subsidiaries comprised $3,255 of our 2015 consolidated sales of $6,060. A summary of sales and long-lived assets by geographic region can be found in Note 18 to our consolidated financial statements in Item 8.

Customer Dependence

We are largely dependent on light vehicle, medium- and heavy-duty vehicle and off-highway original equipment manufacturer (OEM) customers. Ford Motor Company (Ford) was the only individual customer accounting for 10% or more of our consolidated sales in 2015. As a percentage of total sales from operations, our sales to Ford were approximately 20% in 2015, 18% in 2014 and 18% in 2013 and our sales to PACCAR, our second largest customer, were approximately 8% in 2015, 9% in 2014 and 8% in 2013. Hyundai Mobis, Nissan Motor Corporation and Tata Motors were our third, fourth and fifth largest customers in 2015. Our 10 largest customers collectively accounted for approximately 58% of our sales in 2015.

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

Sources and Availability of Raw Materials

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

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

Seasonality

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

Backlog

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

Competition

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

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The following table summarizes our principal competitors by operating segment.

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

Intellectual Property

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

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

Engineering and Research and Development

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

We engage in ongoing engineering and research and development activities to improve the reliability, performance and cost-effectiveness of our existing products and to design and develop innovative products that meet customer requirements for new applications. We are integrating related operations to create a more innovative environment, speed product development, maximize efficiency and improve communication and information sharing among our research and development operations. At December 31, 2015, we had eight stand-alone technical and engineering centers with additional research and development activities carried out at eight additional sites. Our research and development costs were $75 in 2015, $72 in 2014 and $64 in 2013. Total engineering expenses including research and development were $183 in 2015, $176 in 2014 and $165 in 2013.

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

Employees

The following table summarizes our employees by operating segment.

Segment	Employees
Light Vehicle	9,500
Commercial Vehicle	4,800
Off-Highway	2,700
Power Technologies	4,900
Technical and administrative	1,200
Total	23,100

Environmental Compliance

We make capital expenditures in the normal course of business as necessary to ensure that our facilities are in compliance with applicable environmental laws and regulations. The cost of environmental compliance has not been a material part of capital expenditures and did not have a material adverse effect on our earnings or competitive position in 2015.

Available Information

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

Item 1A. Risk Factors

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

Risk Factors Related to the Markets We Serve

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

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

We expect global market conditions to result in overall comparable sales in 2016. We expect the North America economic climate will continue to be modestly strong to stable with light vehicle demand levels continuing to be strong, while the medium/heavy truck market is expected to be weaker and the off-highway market remains relatively stable at already weak levels. Although the rate of growth in the Asia Pacific region has slowed, we expect overall economic improvement in the on-highway markets in 2016, with off-highway segment demand continuing to be weak. The economy in Europe is expected to improve modestly, with on-highway markets being slightly stronger while the off-highway market remains weak but stable. The South America countries where we do business are expected to remain relatively weak across all our markets in 2016. Adverse developments in the economic conditions of these markets could reduce demand for new vehicles, causing our customers to reduce their vehicle production and, as a result, demand for our products would be adversely affected.

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

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

We are reliant upon sales to several significant customers. Sales to our ten largest customers accounted for 58% of our overall sales in 2015. Changes in our business relationships with any of our large customers or in the timing, size and continuation of their various programs could have a material adverse impact on us.

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

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

We operate in 25 countries around the world and we depend on significant foreign suppliers and customers. Further, we have several growth initiatives that are targeting emerging markets like China and India. Legislative and political activities within the countries where we conduct business, particularly in emerging markets and less developed countries, could adversely impact our ability to operate in those countries. The political situation in a number of countries in which we operate could create instability in our contractual relationships with no effective legal safeguards for resolution of these issues, or potentially result in the seizure of our assets. Through January 23, 2015, we operated in Venezuela where government exchange controls and policies placed restrictions on our ability to operate effectively and repatriate funds. Our risk associated with operating in this country was eliminated with the divestiture of our operations in Venezuela on January 23, 2015. However, we expect to continue exporting product to Venezuela, and our ability to do so effectively could be adversely impacted by Venezuela government policies. We operate in Argentina, where trade-related initiatives and other government restrictions limit our ability to optimize operating effectiveness. At December 31, 2015, our net asset exposure related to Argentina was approximately $21, including $11 of net fixed assets.

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

Approximately 54% of our sales in 2015 were from operations located in countries other than the U.S. Currency variations can have an impact on our results (expressed in U.S. dollars). Currency variations can also adversely affect margins on sales of our products in countries outside of the U.S. and margins on sales of products that include components obtained from affiliates or other suppliers located outside of the U.S. Strengthening of the U.S. dollar against the euro and currencies of other countries in which we have operations has had and could continue to have an adverse affect our results reported in U.S. dollars. We use a combination of natural hedging techniques and financial derivatives to mitigate foreign currency exchange rate risks. Such hedging activities may be ineffective or may not offset more than a portion of the adverse financial impact resulting from currency variations.

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

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

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

Company-Specific Risk Factors

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

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

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

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

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

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

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

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

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

A substantial portion of our annual cost of sales is driven by the purchase of goods and services. To manage and minimize these costs, we have been consolidating our supplier base. As a result, we are dependent on single sources of supply for some components of our products. We select our suppliers based on total value (including price, delivery and quality), taking into consideration their production capacities and financial condition, and we expect that they will be able to support our needs. However, there is no assurance that adverse financial conditions, including bankruptcies of our suppliers, reduced levels of production, natural disasters or other problems experienced by our suppliers will not result in shortages or delays in their supply of components to us or even in the financial collapse of one or more such suppliers. If we were to experience a significant or prolonged shortage of critical components from any of our suppliers, particularly those who are sole sources, and were unable to procure the components from other sources, we would be unable to meet our production schedules for some of our key products and to ship such products to our customers in a timely fashion, which would adversely affect our sales, profitability and customer relations.

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

During 2013, we advised one of our largest suppliers that we did not intend to extend our existing contractual relationship beyond the contract expiration date of December 31, 2014. As a consequence, we established relationships with alternative suppliers. During the first half of 2015 as we transitioned to new suppliers, we were challenged with relatively high levels of demand in the market segment supported by these suppliers. This resulted in increased costs in the first half of 2015. Additionally, our inability to fully satisfy customer demands led to some lost business with a significant customer. There is a risk that our operating results and customer relationships could be adversely impacted if other supplier transitions are not completed effectively.

In 2014, the financial condition of a major supplier to our South America operations led to them pursuing legal reorganization. As more fully described in Note 2 of the consolidated financial statements in Item 8, in 2015, legal actions were required to maintain the supply of product from this supplier that was necessary to satisfy our customer commitments. Although we are currently operating under an arrangement with this supplier that is providing us with the required supply, we have incurred additional costs and there is continued uncertainty whether we will be able to maintain cost effective, uninterrupted supply. Our future operating results and customer relationships could be adversely impacted depending on the actions required to maintain existing product supply and the outcome of this supplier's legal reorganization. Our Commercial Vehicle operating segment had sales $98 and $225 in 2015 and 2014 attributable to axles and parts sourced from this supplier.

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

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

We could encounter unexpected difficulties integrating acquisitions and joint ventures.

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

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

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

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

There is also no assurance that the costs of complying with current laws and regulations, or those that may be adopted in the future, that relate to health, safety and product liability matters will not adversely impact us. There is also a risk of warranty and product liability claims, as well as product recalls, if our products fail to perform to specifications or cause property damage, injury or death, and a risk that asbestos-related product liability claims could result in increased liabilities at Dana Companies, LLC, a wholly owned subsidiary. (See Notes 14 and 15 to our consolidated financial statements in Item 8 for additional information on product liabilities and warranties.)

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

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

We participate in certain multi-employer pension plans which are not fully funded.

We contribute to certain multi-employer defined benefit pension plans for our union-represented employees in the U.S. in accordance with our collective bargaining agreements. Contributions are based on hours worked except in cases of layoff or leave where we generally contribute based on 40 hours per week for a maximum of one year. The plans are not fully funded as of December 31, 2015. We could be held liable to the plans for our obligation, as well as those of other employers, due to our participation in the plans. Contribution rates could increase if the plans are required to adopt a funding improvement plan, if the performance of plan assets does not meet expectations or as a result of future collectively bargained wage and benefit agreements. (See Note 10 to our consolidated financial statements in Item 8 for additional information on multi-employer pension plans.)

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

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

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

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

Net operating loss carryforwards (NOLs) approximating $729 were available at December 31, 2015 to reduce future U.S. income tax liabilities. Our ability to utilize these NOLs may be limited as a result of certain change of control provisions of the U.S. Internal Revenue Code of 1986, as amended (Code). Of this amount, NOLs of approximately $594 are treated as losses incurred before the change of control upon emergence from Chapter 11 and are limited to annual utilization of $84. The balance of our NOLs, treated as incurred subsequent to the change in control, is not subject to limitation as of December 31, 2015. However, there can be no assurance that trading in our shares will not effect another change in control under the Code, which would further limit our ability to utilize our available NOLs. Such limitations may cause us to pay income taxes earlier and in greater amounts than would be the case if the NOLs were not subject to limitation.

Risk Factors Related to our Securities

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

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

Item 1B. Unresolved Staff Comments

-None-

Item 2. Properties

Type of Facility	North America	Europe	South America	Asia Pacific	Total
Light Vehicle					
Manufacturing/Distribution	13	3	5	9	30
Commercial Vehicle					
Manufacturing/Distribution	8	4	3	4	19
Off-Highway					
Manufacturing/Distribution	2	8		2	12
Power Technologies					
Manufacturing/Distribution	12	4		2	18
Technical and Engineering Centers	3				3
Corporate and other					
Administrative Offices	2			1	3
Technical and Engineering Centers - Multiple Segments	2			3	5
	42	19	8	21	90

We operate in 25 countries and have 90 major facilities housing manufacturing and distribution operations, technical and engineering centers and administrative offices. In addition to the eight stand-alone technical and engineering centers in the table above, we have eight technical and engineering centers housed within manufacturing sites. We lease 32 of these facilities and a portion of four others and own the remainder. We believe that all of our property and equipment is properly maintained.

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

Item 3. Legal Proceedings

We are a party to various pending judicial and administrative proceedings that arose in the ordinary course of business. After reviewing the currently pending lawsuits and proceedings (including the probable outcomes, reasonably anticipated costs and expenses and our established reserves for uninsured liabilities), we do not believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations. Legal proceedings are also discussed in Notes 2 and 14 to our consolidated financial statements in Item 8.

PART II

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

Market information — Our common stock trades on the New York Stock Exchange (NYSE) under the symbol "DAN." The following table shows the high and low prices of our common stock as reported by the NYSE for each of our fiscal quarters during 2015 and 2014.

	2015		2014	
	High	Low	High	Low
Fourth quarter	$18.12	$13.01	$22.36	$16.81
Third quarter	20.81	15.33	24.82	18.93
Second quarter	22.73	20.35	24.48	20.60
First quarter	23.48	20.04	23.28	18.06

Holders of common stock — Based on reports by our transfer agent, there were approximately 3,720 registered holders of our common stock on February 5, 2016.

Stockholder return — The following graph shows the cumulative total shareholder return for our common stock since December 31, 2010. The graph compares our performance to that of the Standard & Poor's 500 Stock Index (S&P 500) and the Dow Jones US Auto Parts Index. The comparison assumes $100 was invested at the closing price on December 31, 2010. Each of the returns shown assumes that all dividends paid were reinvested.

Performance chart

Index	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Dana Holding Corporation	$100.00	$74.70	$96.66	$121.92	$135.84	$89.58
S&P 500	100.00	102.11	118.45	156.82	178.29	180.75
Dow Jones US Auto Parts Index	100.00	88.21	98.71	154.04	170.42	164.10

Dividends — We declared and paid quarterly common stock dividends in 2015 and 2014, raising the dividend from five cents to six cents per share in the second quarter of 2015.

Issuer's purchases of equity securities — On July 30, 2014, our Board of Directors approved an expansion of our existing share repurchase program from $1,000 to $1,400. We repurchased shares utilizing available excess cash either in the open market or through privately negotiated transactions. The stock repurchases were subject to prevailing market conditions and other considerations. Under the program, we used cash of $66 to repurchase shares of our common stock during the fourth quarter of 2015.

The following table shows repurchases of our common stock for each calendar month in the quarter ended December 31, 2015.

Calendar Month	Class or Series of Securities	Number of Shares Purchased	Average Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
October	Common	2,948,254	$16.75	2,948,254	$17
November	Common	981,954	$16.80	981,954	$—
December					$—

Our Board of Directors approved an expansion of our existing common stock share repurchase program from $1,400 to $1,700 on January 11, 2016. The share repurchase program expires on December 31, 2017.

Annual meeting — We will hold an annual meeting of stockholders on April 28, 2016.

Item 6. Selected Financial Data

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Operating Results					
Net sales	$6,060	$6,617	$6,769	$7,224	$7,544
Income from continuing operations before income taxes	292	260	368	364	306
Income from continuing operations	176	343	261	315	240
Income (loss) from discontinued operations	4	(15)	(1)	—	(8)
Net income	180	328	260	315	232
Net income attributable to the parent company	$159	$319	$244	$300	$219
Preferred stock dividend requirements	—	7	25	31	31
Preferred stock redemption premium	—	—	232	—	—
Net income (loss) available to common stockholders	$159	$312	$(13)	$269	$188
Net income (loss) per share available to common stockholders					
Basic					
Income (loss) from continuing operations	$0.98	$2.07	$(0.08)	$1.82	$1.34
Income (loss) from discontinued operations	0.02	(0.10)	(0.01)	—	(0.06)
Net income (loss)	1.00	1.97	(0.09)	1.82	1.28
Diluted					
Income (loss) from continuing operations	$0.97	$1.93	$(0.08)	$1.40	$1.05
Income (loss) from discontinued operations	0.02	(0.09)	(0.01)	—	(0.03)
Net income (loss)	0.99	1.84	(0.09)	1.40	1.02
Depreciation and amortization of intangibles	$174	$213	$262	$277	$307
Net cash provided by operating activities	406	510	577	339	370
Purchases of property, plant and equipment	260	234	209	164	196
Financial Position					
Cash and cash equivalents and marketable securities	$953	$1,290	$1,366	$1,119	$987
Total assets	4,326	4,905	5,103	5,131	5,262
Long-term debt, less debt issuance costs	1,553	1,588	1,541	790	816
Total debt	1,575	1,653	1,598	891	887
Preferred stock	—	—	372	753	753
Common stock and additional paid-in capital	2,313	2,642	2,842	2,670	2,644
Treasury stock	(1)	(33)	(366)	(25)	(9)
Total parent company stockholders' equity	728	1,080	1,309	1,836	1,730
Book value per share	$4.58	$6.83	$8.94	$12.41	$11.81
Common Share Information					
Dividends declared per common share	$0.23	$0.20	$0.20	$0.20	$—
Weighted-average common shares outstanding					
Basic	159.0	158.0	146.4	148.0	146.6
Diluted	160.0	173.5	146.4	214.7	215.3
Market prices					
High	$23.48	$24.82	$23.46	$16.76	$19.35

Low	13.01	16.81	15.17	11.13	9.45

Note: In April 2015, the Financial Accounting Standards Board issued guidance which changes the presentation of debt issuance costs. Debt issuance costs related to term debt will be presented on the balance sheet as a direct deduction from the related debt liability rather than recorded as a separate asset. The guidance requires retrospective application to all prior periods presented. We have presented $21, $25, $26, $13 and $15 of debt issuance costs as a direct deduction from long-term debt as of December 31, 2015, 2014, 2013, 2012 and 2011. See Note 1 to our consolidated financial statements in Item 8 for additional information.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (Dollars in millions)

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

Management Overview

We are a global provider of high technology driveline, sealing and thermal-management products for virtually every major vehicle manufacturer in the on-highway and off-highway markets. Our driveline products – axles, driveshafts and transmissions – are delivered through our Light Vehicle Driveline Technologies (Light Vehicle), Commercial Vehicle Driveline Technologies (Commercial Vehicle) and Off-Highway Driveline Technologies (Off-Highway) operating segments. Our fourth global operating segment – Power Technologies – is the center of excellence for the sealing and thermal technologies that span all customers in our on-highway and off-highway markets. We have a diverse customer base and geographic footprint which minimizes our exposure to individual market and segment declines. In 2015, 53% of our sales came from North American operations and 47% from operations throughout the rest of the world. Our sales by operating segment were Light Vehicle – 41%, Commercial Vehicle – 25%, Off-Highway – 17% and Power Technologies – 17%.

Operational and Strategic Initiatives

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

Shareholder returns and capital structure actions — When evaluating capital structure initiatives, we balance our growth opportunities and shareholder value initiatives with maintaining a strong balance sheet and access to capital. Our strong financial position in recent years enabled us to simplify our capital structure while providing returns to our common shareholders in the form of cash dividends and reduction in the number of common share equivalents outstanding. During 2013, we redeemed our Series A preferred stock, the equivalent of 21 million common shares on an as converted basis, for $474. In 2014, we exercised our option to convert all remaining outstanding preferred shares to common shares. In 2014, our Board of Directors approved the expansion of our share repurchase program from $1,000 to $1,400. In 2015, we used $311 under this program to repurchase common shares, bringing the total shares repurchased since program inception to 67 million, inclusive of the common share equivalent reduction resulting from redemption of preferred shares. In January 2016, our Board of Directors approved the expansion of our share repurchase program from $1,400 to $1,700. Additionally, we declared and paid quarterly common stock dividends over the past four years, raising the dividend from five cents to six cents per share in the second quarter of 2015.

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

Technology leadership — With a clear focus on market-based value drivers, global-mega trends and customer sustainability objectives and requirements, we are driving innovation to create differentiated value for our customers, enabling a “market pull” product pipeline. Our sealing and thermal engine expertise provides us with early insight into some of the critical design factors important to our customers. When combined with our drivetrain expertise, we are able to collaborate with our customers on complete power conveyance solutions, from the engine through the vehicle driveline. We are committed to making investments and diversifying our product offerings to strengthen our competitive position in our core driveline, sealing and thermal technologies businesses, creating value for our customers through improved fuel efficiency, emission control, electric and hybrid electric solutions, durability and cost of ownership, software integration and systems solutions. Our industry leading electronically actuated disconnecting all wheel drive technology, which we believe is the most fuel efficient rapidly disconnecting system in the market, was recently selected by one of our major customers for a significant new global vehicle platform - opening up new commercial channels for us in the passenger car, crossover and sport utility vehicle markets. A 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. Combined engineering centers of our Light Vehicle and Commercial Vehicle segments allow us the opportunity to better share technologies among these businesses. New engineering facilities in India and China were opened in the past few years and are now on line, more than doubling our engineering presence in the Asia Pacific region with state-of-the-art development and test capabilities that globally support each of our businesses. Additionally, in 2014, we opened a new technology center in Cedar Park, Texas to support our CVP technology development initiatives.

Geographic expansion — Our manufacturing and technology center footprint positions us to support customers globally - an important factor as many of our customers are increasingly focused on common powertrain solutions for global platforms. While growth opportunities are present in each region of the world, we have a primary focus on building our presence and local capability in the Asia Pacific region, especially India and China. In addition to new engineering facilities in those countries, new gear manufacturing facilities were recently established in India and Thailand. We have expanded our China off-highway activities and we believe there is considerable opportunity for growth in this 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” or adjacent acquisition opportunities that have a strategic fit with our existing core 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.

New commercial channels — In each of our operating segments, we have customer, geographic and product growth opportunities. By leveraging our relentless pursuit of customer satisfaction, innovative technology and differentiated products, we believe there are opportunities to open new, as well as further penetrate existing, commercial channels.

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

Divestitures

Disposal of operations in Venezuela — The operating, political and economic environment in Venezuela in recent years was very challenging. Foreign exchange controls restricted our ability to import required parts and material and satisfy the related U.S. dollar obligations. Production activities were curtailed for most of 2014 as our major original equipment customers suspended production, with a limited amount of activity coming back on line later in the year. Our sales in Venezuela during 2014 approximated $110 as compared to $170 in 2013. Results of operations were adversely impacted by the reduced production levels making break-even operating performance a significant challenge. Further, devaluations of the bolivar along with other foreign exchange developments provided added volatility to results of operations and increased uncertainty around future performance.

In December 2014, we entered into an agreement to divest our operations in Venezuela (the disposal group) to an unaffiliated company for no consideration. We completed the divestiture in January 2015. In connection with the divestiture, we entered into a supply and technology agreement whereby Dana will supply product and technology to the operations at competitive market prices. Dana has no obligations to otherwise provide support to the operations. The disposal group was classified as held for sale at December 31, 2014, and we recognized a net charge of $77 – an $80 loss to adjust the carrying value of the net assets to fair value less cost to sell, with a reduction of $3 for the noncontrolling interest share of the loss. These assets and liabilities were presented as held for sale on our December 31, 2014 balance sheet. Upon completion of the divestiture of the disposal group in January 2015, we recognized a gain of $5 on the derecognition of the noncontrolling interest in a former Venezuelan subsidiary in other income, net. We also credited other comprehensive loss attributable to the parent for $10 and other comprehensive loss attributable to noncontrolling interests for $1 to eliminate the unrecognized pension expense recorded in accumulated other comprehensive loss. See Note 2 to our consolidated financial statements in Item 8 for additional information. With the completion of the sale in January 2015, Dana has no remaining investment in Venezuela.

Divestiture of Structural Products Business — In 2010, we completed the sale of substantially all of the assets of our Structural Products business to Metalsa S.A. de C.V. (Metalsa). We had received cash proceeds of $134 by the end of 2011, excluding amounts related to working capital adjustments and tooling. The parties reached a final agreement on disputed issues in May 2014, resulting in the receipt of additional cash proceeds of $9 and a charge of $1 to other expense. Prior to the third quarter of 2012, Structural Products was reported as an operating segment of continuing operations. With the cessation of the retained operations in the third quarter of 2012, we began reporting the activities relating to the Structural Products business as discontinued operations.

Segments

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

Trends in Our Markets

Global Vehicle Production

				Actual		
(Units in thousands)	Dana 2016 Outlook			2015	2014	2013
North America						
Light Truck (Full Frame)	4,250	to	4,300	4,123	3,834	3,632
Light Vehicle Engines	15,500	to	16,000	15,355	15,119	14,233
Medium Truck (Classes 5-7)	230	to	240	235	226	201
Heavy Truck (Class 8)	240	to	260	322	297	245
Agricultural Equipment	55	to	60	58	64	75
Construction/Mining Equipment	155	to	165	158	158	157
Europe (including Eastern Europe)						
Light Truck	8,800	to	8,900	8,525	7,790	7,276
Light Vehicle Engines	22,500	to	23,000	22,617	21,510	20,836
Medium/Heavy Truck	440	to	445	438	397	400
Agricultural Equipment	200	to	205	202	220	244
Construction/Mining Equipment	300	to	305	299	301	298
South America						
Light Truck	950	to	1,000	948	1,146	1,302
Light Vehicle Engines	2,500	to	2,550	2,486	3,176	3,775
Medium/Heavy Truck	80	to	90	86	167	218
Agricultural Equipment	30	to	35	32	43	54
Construction/Mining Equipment	10	to	15	13	17	20
Asia-Pacific						
Light Truck	24,000	to	25,000	24,031	22,337	20,515
Light Vehicle Engines	48,500	to	49,500	47,060	46,497	45,213
Medium/Heavy Truck	1,400	to	1,450	1,378	1,573	1,522
Agricultural Equipment	655	to	690	676	710	788
Construction/Mining Equipment	400	to	420	405	509	555

North America

Light vehicle markets — Improving economic conditions during the past three years have contributed to increased light vehicle sales and production levels in North America. Release of built-up demand to replace older vehicles, greater availability of credit, stronger consumer confidence and other factors have combined to stimulate new vehicle sales. Light vehicle sales in 2015 increased about 6% from 2014, with sales that year being up 6% from 2013. Many of our programs are focused in the full frame light truck segment. Sales in this segment were especially strong the past two years, being up about 9% in 2015 and 8% in 2014. Light vehicle production levels were reflective of the stronger vehicle sales. Production of approximately 17.5 million light vehicles in 2015 was 3% higher than in 2014, after increased production of about 5% the preceding year. Light vehicle engine production was similarly higher, up 2% in 2015 and 6% in 2014. In the key full frame light truck segment, production levels increased about 8% in 2015 compared with an increase of 6% in 2014. Days' supply of total light vehicles in the U.S. at the end of December 2015 was around 61 days, comparable with the number of days at the end of 2014 and down slightly from 64 days at the end of 2013. In the full frame light truck segment, an inventory level of 62 days at the end of 2015 compares favorably with 63 days at the end of 2014 and 67 days at the end of 2013.

Looking ahead to 2016, we believe the North American markets will continue to be relatively strong. Reduced unemployment levels, low fuel prices and stable consumer confidence are expected to provide a favorable economic climate. Our current outlook for 2016 light vehicle engine production is 15.5 to 16.0 million units, a 1 to 4% increase over 2015, with full frame light truck production expected to be in the range of 4.25 to 4.3 million units, an increase of about 3 to 4% from 2015.

Medium/heavy vehicle markets — Similar to the light vehicle market, the commercial vehicle segment benefited from an improving North America economy in recent years, leading to increased medium duty Classes 5-7 truck production the past three years. After increasing 12% in 2014, medium duty production increased another 4% in 2015. In the Class 8 segment, after declining 12% in 2013, production levels increased about 21% in 2014 as confidence in a sustained stronger economy took hold. That continued in 2015, as production climbed about 8% to around 322,000 units.

Orders for Class 8 trucks weakened some in the fourth quarter of 2015, which led to customers pulling back some on production near the end of the quarter and into the first month of 2016. Combined with the strong production level in 2015, inventory levels are higher and customers are being somewhat cautious about 2016 production levels. At present, we expect Class 8 production in the region to be in the range of 240,000 to 260,000 units, a decrease of around 19 to 25% from 2015. Medium duty production is expected to be relatively comparable with 2015.

Markets Outside of North America

Light vehicle markets — Signs of an improved overall European economy have been evident, albeit mixed at times, during the past few years. Reflective of a modestly improved economy, light vehicle production levels have increased with light vehicle engine production being up about 5% in 2015 after increasing 3% in 2014 and light truck production being higher by 9% in 2015 after being up about 7% in 2014. We expect the current economic stability to persist in 2016 with light vehicle engine and light truck production being comparable to up slightly from 2015. The economic climate in most South America markets the past three years has been weak, volatile and challenging. After rebounding some in 2013 from a relatively weak 2012, light truck production declined 12% in 2014 and was down another 17% in 2015. Light vehicle engine production was similarly down 16% in 2014 and another 22% in 2015. Our current 2016 outlook for light trucks and light vehicle engines has production being relatively flat with 2015. The Asia Pacific markets have been relatively strong the past few years, principally fueled by growth in China. Light truck production increased 9% in 2014 and was up another 8% in 2015, while light vehicle engine production increased 3% in 2014 and another 1% in 2015. We expect to see continued growth in 2016, with year-over-year light truck production being flat to up 4% and light vehicle engine production being higher by about 3 to 5%.

Medium/heavy vehicle markets — Some of the same factors referenced above that affected light vehicle markets outside of North America similarly affected the medium/heavy markets. Whereas some modest improvement was reflected in light vehicle production levels in 2013 and 2014, production levels in the medium/heavy truck market were relatively comparable as improvement was a little slower to manifest in this market. Signs of a strengthening European market emerged in 2015 with medium/heavy truck production in 2015 being up about 10% from the preceding year. For 2016, we expect Europe medium/heavy truck production to be comparable with 2015. South America medium/heavy truck production rebounded some in 2013 from low production levels in 2012, due in part to engine emission changes in Brazil that year. A weakening economic climate in 2014 in the region, however, led to medium/heavy truck production declining about 23% in 2014. Further weakening in 2015 resulted in a further decline in production, with vehicle build being down about 49% from 2014. Our outlook in South America for 2016 anticipates persistent economic weakness in the region, with medium/heavy truck production likely to be relatively flat with 2015. Asia Pacific medium/heavy truck production levels in 2012 and early 2013 were still restrained from the effects of natural disasters that significantly impacted the region in 2011, along with a sluggish 2012 commercial vehicle market in China. After strengthening about 2% in 2013, the medium/truck market in Asia Pacific has been sluggish the past two years, being up a modest 3% in 2014 and declining about 12% in 2015 as a slow down in the China market materialized. While the China market is expected to be comparable to up modestly in 2016, an improving India market is expected to help improve production in the region by about 2 to 5% in 2016.

Off-Highway Markets — Our off-highway business has a large presence outside of North America, with more than 75% of its sales coming from Europe and approximately 12% from South America and Asia Pacific combined. We serve several segments of the diverse off-highway market, including construction, agriculture, mining and material handling. Our largest markets are the construction/mining and agricultural equipment segments. After experiencing increased global demand in 2011 and 2012, these markets have been relatively weak the past three years. Global demand in the agriculture market was up about 3% in 2013, but down 11% in 2014 and 7% in 2015. The construction/mining segment weakened about 8% in 2013 and was down about 4% in 2014 and 11% in 2015. Both markets are expected to remain weak in 2016, with demand levels in the agriculture segment expected to range from down 3% to up 2% from 2015 and construction/mining segment demand expected to be flat to up 3% compared to 2015.

Foreign Currency Effects

Weaker international currencies relative to the U.S. dollar had a significant impact on our sales and results of operations in 2015. Approximately 54% of our consolidated sales were outside the U.S., with euro zone countries and Brazil accounting for approximately 41% and 7% of our non-U.S. sales. Translation of our international activities at average exchange rates in 2015 as compared to average rates in 2014 reduced sales by $516, with $268 attributable to a weaker euro and $91 to a weaker Brazil real. Our current 2016 sales outlook anticipates additional weakening in international currencies, with an assumed euro/U.S. dollar rate of 1.08 to 1.05 and U.S. dollar/Brazil real rate of 4.00 to 4.25. A 5% movement on the euro and Brazil real rates would impact 2016 sales in our outlook by approximately $65 and $10, respectively.

Brazil Market

Reduced market demand resulting from the weak economic environment in Brazil in 2015 has led to production levels in the light vehicle and medium/heavy duty vehicle markets that are lower by about 22% and 44% from 2014. As a consequence, sales by our operations in Brazil for 2015 were $240, down from $505 the preceding year. Our medium/heavy duty presence is particularly significant, with approximately 74% of our Brazil sales originating in our Commercial Vehicle operating segment in 2015. In response to the challenging economic conditions in this country, we implemented restructuring and other reduction actions in 2015. As discussed in the Critical Accounting Estimates section of this Item 7 and in Note 2 to our consolidated financial statements in Item 8, one of our major suppliers is operating with judicial oversight under reorganization proceedings in Brazil.

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 provide for the sharing of significant commodity price changes with 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 customer pricing adjustments typically lag commodity price changes.

Lower commodity prices decreased our costs by approximately $10 in 2015, while higher commodity prices increased our costs by approximately $35 in 2014 and $20 in 2013. Material recovery and other pricing actions increased sales by about $1 in 2015, $65 in 2014 and $30 in 2013.

Sales, Earnings and Cash Flow Outlook

	2016 Outlook	2015	2014	2013

Sales	$5,800 - $6,000	$6,060	$6,617	$6,769
Adjusted EBITDA	$640 - $670	$652	$746	$745
Free Cash Flow	$160 - $180	$146	$276	$368

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 U.S. generally accepted accounting principles (GAAP) measures.

During the past three years, weaker international currencies relative to the U.S. dollar were the most significant factor reducing our sales. Lower sales attributable to currency over the three-year period approximated $900, with a reduction of more than $500 occurring in 2015. We divested our Venezuela operation in January 2015, which further reduced consolidated sales by approximately $100. Adjusted for currency and divestiture effects, our sales have been relatively stable. 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. New business with customers has largely offset the lower sales attributable to overall weaker end user demand. Our outlook for 2016 includes additional weakening of international currencies in the range of $200 to $300. Increased sales from new business coming on line in 2016 is expected to partially offset the currency related reduction, with end user market demand remaining relatively comparable to 2015.

Over the past three years, adjusted EBITDA margin as a percent of sales has remained relatively constant at around 11% despite certain markets being weak and volatile. Where practicable, we have aligned our cost with weaker demand levels in certain markets. We continue to focus on margin improvement through right sizing and rationalizing our manufacturing operations, implementing other cost reduction initiatives and ensuring that customer programs are competitively priced. With a continued focus on cost and new business coming on at competitive rates, we expect to see a slight margin improvement in 2016. Further margin improvement following 2016 is anticipated as we expect to see increased end user demand in certain markets and we continue to benefit from higher margin on new business coming on line.

Free cash flow generation has been strong the past three years as we benefited from strong earnings and closely managed working capital and capital spend requirements. Free cash flow in 2013 benefited, in part, from reduced inventory levels and the receipt of $28 of interest relating to a callable payment-in-kind note receivable. With the sale of this note in 2014, free cash flow benefited from the additional receipt of $40 of interest. Lower pension contributions, restructuring payments and cash taxes also benefited free cash flow in 2014, while increased new program launches resulted in higher capital spending. The lower free cash flow in 2015 is primarily due to lower earnings and increased capital spend to support new program launches, with lower cash taxes and restructuring payments providing a partial offset. Based on our outlook for 2016, we expect free cash flow to be in the range of $160 to $180. An increased level of program launches in 2016 is expected to require overall capital spend of $280 to $300. Net interest will consume cash of around $90, with estimated cash taxes being about $90, restructuring expenditures about $25 and pension contributions around $15 – all relatively comparable with 2015.

Among our Operational and Strategic Initiatives are increased focus on and investment in product technology – delivering products and technology that are key to bringing solutions to issues of paramount importance to our customers. This, more than anything, is what will position us for profitable future growth. Our success on this front is measured, in part, by our sales backlog which is net new business received that will be launching in the future and adding to our base annual sales. This backlog of new business does not represent firm orders. At December 31, 2015, our sales backlog of net new business for the 2016 through 2018 period was $750. This current backlog compares to a three-year sales backlog at the end of 2014 that approximated $680 when adjusted for current exchange rates and market demand – an increase of 10%. 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 (2015 versus 2014)

	2015		2014		
	Dollars	% of Net Sales	Dollars	% of Net Sales	Increase/ (Decrease)
Net sales	$6,060		$6,617		$(557)
Cost of sales	5,211	86.0 %	5,672	85.7 %	(461)
Gross margin	849	14.0 %	945	14.3 %	(96)
Selling, general and administrative expenses	391	6.5 %	411	6.2 %	(20)
Amortization of intangibles	14		42		(28)
Restructuring charges, net	15		21		(6)
Impairment of long-lived assets	(36)				(36)
Loss on disposal group held for sale			(80)		80
Pension settlement charges			(42)		42
Loss on extinguishment of debt	(2)		(19)		17
Other income, net	14		48		(34)
Income from continuing operations before interest expense and income taxes	405		378		27
Interest expense	113		118		(5)
Income from continuing operations before income taxes	292		260		32
Income tax expense (benefit)	82		(70)		152
Equity in earnings (losses) of affiliates	(34)		13		(47)
Income from continuing operations	176		343		(167)
Income (loss) from discontinued operations	4		(15)		19
Net income	180		328		(148)
Less: Noncontrolling interests net income	21		9		12
Net income attributable to the parent company	$159		$319		$(160)

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

				Amount of Change Due To		
	2015	2014	Increase/ (Decrease)	Currency Effects	Acquisitions (Divestitures)	Organic Change
North America	$3,210	$3,126	$84	$(48)	$—	$132
Europe	1,723	1,978	(255)	(313)		58
South America	377	771	(394)	(110)	(107)	(177)
Asia Pacific	750	742	8	(45)		53
Total	$6,060	$6,617	$(557)	$(516)	$(107)	$66

Sales for 2015 declined $557 or 8% from 2014. Weaker international currencies decreased sales by $516 and the divestiture of our operations in Venezuela reduced sales by $107. The organic sales increase resulted from stronger overall volume levels that added $65 and cost recovery pricing which contributed $1.

Stronger light vehicle and light vehicle engine production levels in North America were largely responsible for the 4% organic sales increase in this region. Full frame light truck production was 8% stronger than last year, while light vehicle engine production levels were about 2% higher. Increased medium/heavy truck production of about 6% and new customer programs coming on line over the past year also contributed to increased year-over-year sales. Partially offsetting this stronger demand and new business was lower sales with a significant Commercial Vehicle segment customer.

Excluding currency effects, principally from a weaker euro and British pound, our sales in Europe were 3% higher than in 2014. Higher sales from increases in light vehicle engine and light truck production of around 5% and 9%, growth in medium/heavy truck production of about 10% and new customer programs were partially offset by weaker off-highway demand levels.

South America sales were reduced by weaker currencies in Brazil, Argentina and Colombia and the divestiture of our operations in Venezuela. Excluding these effects, sales were down 23% from 2014. The organic sales decrease in the region was primarily driven by reductions in medium/heavy truck production levels of about 49%, a decline in light truck production of 17% and weaker off-highway demand. Partially offsetting weaker demand levels in the region were higher sales associated with light vehicle new business, content increases and cost recovery pricing.

Asia Pacific sales in 2015 were up slightly from 2014. The organic sales increase of 7% in the region was driven principally by stronger light vehicle and medium/heavy truck sales volumes in Thailand and India and increased off-highway sales levels in our operation in China.

Cost of sales and gross margin — Cost of sales for 2015 declined $461, or 8%, when compared to 2014. Similar to our reduction in sales, the change was due primarily to currency effects with a partial offset provided by higher sales volumes. Cost of sales as a percent of sales in 2015 was 30 basis points higher than last year. In addition to the benefit of stronger volume levels in some of our markets, savings from material cost reduction initiatives reduced cost by $48, with lower commodity costs contributing an additional $14. These favorable impacts on cost of sales were more than offset by an increase in warranty expense of $11, costs attributed to supply chain disruptions in our Commercial Vehicle segment of $16, an increase in engineering and product development expense of $7, an increase in environmental remediation expense of $8, higher costs in certain markets where we were unable to effectively flex our cost with lower demand levels and other inflationary cost increases.

Gross margin of $849 in 2015 was $96 lower than last year, representing 14.0% of sales in 2015 as compared to 14.3% of sales in 2014. The 30 basis point decrease in gross margin was principally driven by the net effect of the cost factors referenced above, partially offset by a nominal pricing and cost recovery benefit.

Selling, general and administrative expenses (SG&A) — SG&A expenses in 2015 were $391 (6.5% of sales) as compared to $411 (6.2% of sales) in 2014. Salary and benefits expenses in 2015 were $15 lower than in 2014 primarily due to lower anticipated payouts under various annual incentive programs, while selling expense and other discretionary spending declined $5.

Amortization of intangibles — The reduction of $28 in amortization of intangibles is primarily attributable to certain customer related intangibles becoming fully amortized.

Restructuring charges — Restructuring charges of $15 in 2015 included $12 of employee separation costs and $3 of exit costs. The majority of the separation cost was attributable to headcount reductions in our Brazil operations, primarily in our Commercial Vehicle segment, in response to significantly lower demand levels. The exit costs in 2015 were primarily related to activities associated with previously announced facility closure and realignment actions. The restructuring charges of $21 in 2014 primarily represented the impact of headcount reduction initiatives in our Commercial Vehicle and Light Vehicle businesses in South America and Europe, including the closure of our Commercial Vehicle foundry in Argentina and other severance and exit costs associated with previously announced initiatives.

Impairment charges — Reference is made to Note 2 of the consolidated financial statements in Item 8 for discussion of charges recognized in connection with an impairment of long-lived assets attributable to an exclusive supply relationship with a South American supplier.

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

	2015	2014
Interest income	$13	$15
Government grants and incentives	3	4

Foreign exchange gain (loss)	(20)	11
Gain on derecognition of noncontrolling interest	5	
Strategic transaction expenses	(4)	(3)
Insurance and other recoveries	4	2
Gain on sale of marketable securities	1	
Recognition of unrealized gain on payment-in-kind note receivable		2
Amounts attributable to previously divested/closed operations	1	
Other	11	17
Other income, net	$14	$48

21

During 2015, net foreign exchange loss primarily reflects the adverse impact of settlements of certain Mexican peso and euro forward contracts driven by the strengthening of the U.S. dollar. Net foreign exchange gain in 2014 resulted in large part from favorable currency movement on an intercompany loan that was fully paid in the first half of 2014. As described in Notes 1 and 7 to the consolidated financial statements in Item 8, devaluation of the Venezuelan bolivar, net of transactional gains, resulted in a net foreign currency gain of $2 in 2014. Upon completion of the divestiture of our operations in Venezuela in January 2015, we recognized a $5 gain on the derecognition of the noncontrolling interest in one of our former Venezuelan subsidiaries. See Notes 2 and 17 to our consolidated financial statements in Item 8 for additional information. The January 2014 sale of a payment-in-kind note resulted in the recognition of $2 of unrealized gain that arose following the valuation of the note below its callable value at emergence from bankruptcy. During 2015, we reached a $3 settlement with an insurance carrier for the recovery of previously incurred legal costs, while 2014 included a payment of $2 from the liquidation proceedings of an insolvent insurer carrier. Additionally, as part of correcting overstatements of our pension obligations and goodwill in 2014, we credited other income, net for $6 to effectively reverse a portion of the write-off of goodwill assigned to our former Driveshaft segment in 2008. See Note 1 to our consolidated financial statements in Item 8 for additional information.

Loss on extinguishment of debt — Actions to refinance a portion of our long-term debt that commenced in last year's fourth quarter were completed in the first quarter of 2015, with expense recognized for the call premium incurred and write-off of unamortized financing costs associated with debt extinguished in this year's first quarter.

Interest expense — Interest expense was $113 and $118 in 2015 and 2014. The impact of higher average debt levels was more than offset by a lower average effective interest rate. As discussed in Note 12 to our consolidated financial statements in Item 8, we completed the sale of $425 of 5.5% senior unsecured notes in December 2014 and redeemed $400 of 6.5% senior unsecured notes during the four-month period ended March 2015. Average effective interest rates, inclusive of amortization of debt issuance costs, approximated 6.6% and 6.9% in 2015 and 2014.

Income tax expense (benefit) — Income tax expense of our continuing operations was $82 in 2015 and a benefit of $70 in 2014. 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. During 2015, we completed an intercompany transfer of an affiliate’s stock and certain operating assets, as discussed in Note 16 of the consolidated financial statements in Item 8. In conjunction with this transaction, we released $66 of valuation allowance on U.S. deferred tax assets and recognized $23 of tax expense related to the stock sale and $2 of amortization of a prepaid tax asset created as a part of the transaction. We also established a valuation allowance of $15 against the deferred tax assets of a South American subsidiary. During 2014, we released valuation allowance of $179 related to the intercompany transaction discussed above that was partially offset by a valuation allowance adjustment related to the $80 charge recorded in connection with the divestiture of our Venezuelan operations. Excluding these items, the effective tax rate was 37% in 2015 as compared to 33% in 2014. The main driver of the increase is related to the jurisdictional mix of the earnings of our non-U.S. operations.

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. See Note 16 to our consolidated financial statements in Item 8 for a discussion of the factors considered in our evaluation of the valuation allowances against our U.S. deferred tax assets.

Equity in earnings (losses) of affiliates — Equity investments provided a net loss of $34 in 2015 and earnings of $13 in 2014. Our equity in earnings from Bendix Spicer Foundation Brake, LLC were $11 in 2015 and $10 in 2014. Our share of Dongfeng Dana Axle Co., Ltd.'s (DDAC) operating results were a loss of $7 in 2015 and earnings of $5 in 2014. During the fourth quarter of 2015, we determined that we had an other-than-temporary decrease in the carrying value of our DDAC investment and recorded a $39 impairment charge. See Note 19 to our consolidated financial statements in Item 8.

Income (loss) from discontinued operations — Income (loss) from discontinued operations activity relates to our Structural Products business. See Note 2 to our consolidated financial statements in Item 8.

Noncontrolling interests net income — As more fully discussed in Note 1 to our consolidated financial statements in Item 8, the first quarter of 2015 included $9 for correction of previously reported noncontrolling interests net income.

Segment Results of Operations (2015 versus 2014)

Light Vehicle

	Sales	Segment EBITDA	Segment EBITDA Margin
2014	$2,496	$250	10.0 %
Volume and mix	200	34	
Performance	(12)		
Venezuelan divestiture	(107)		
Currency effects	(95)	(22)	
2015	$2,482	$262	10.6 %

Light Vehicle sales in 2015 were reduced by currency translation effects, primarily as a result of a weaker British pound sterling, Brazil real, Argentina peso, Thailand baht and South African rand, and the divestiture of our Venezuela operations in January 2015. Sales, exclusive of currency and divestiture effects, were 8% higher in 2015 than in 2014. The volume related increases were driven in part by stronger production levels. North America full frame light truck production in 2015 was up 8% from the same period of 2014, and light truck production in Europe and Asia Pacific was stronger by 9% and 8%. Light Vehicle volume increases in 2015 also benefited from new customer programs that came on line over the past couple years.

Light Vehicle segment EBITDA of $262 in 2015 is $12 higher than 2014 as the benefit of stronger sales volumes was partially offset by currency effect. In addition to reductions resulting from translation of international results at weaker exchange rates relative to the U.S. dollar, we experienced increased year-over-year transactional currency losses of $10 on non-functional currency denominated activities and intercompany balances. Performance-related segment EBITDA was neutral, with $33 from material cost savings and lower commodity costs being offset by $12 due to lower pricing, a $4 increase in warranty costs, a $2 increase in program launch costs, an additional $2 of engineering and product development expense, net of customer reimbursement, and other items.

Commercial Vehicle

	Sales	Segment EBITDA	Segment EBITDA Margin
2014	$1,838	$172	9.4 %
Volume and mix - Brazil	(166)	(35)	
Volume and mix - All other	(19)	(9)	
Performance	24	(11)	
Currency effects	(144)	(17)	
2015	$1,533	$100	6.5 %

The currency related reduction in sales was primarily due to a weaker euro, Brazil real and Mexico peso. After adjusting for the effects of currency, 2015 sales in our Commercial Vehicle segment decreased 9% compared to 2014. Weaker end market demand in Brazil where year-over-year medium/heavy truck production was down 44% reduced sales by $166. The remaining volume reduction is primarily attributable to lower sales of about $100 from lost market share with a major customer due to residual effects of the supply chain inefficiencies that impacted our performance in the first half of 2015. Partially offsetting this was higher sales from stronger production levels in North America where year-over-year medium/heavy truck production was up about 6%. Pricing recoveries provided a partial offset to the currency and volume impacts on 2015 sales.

Commercial Vehicle segment EBITDA of $100 was $72 lower than in 2014. Weaker Brazil market demand contributed $35, with an additional $9 resulting from net lower sales elsewhere, principally in North America as a result of the above-mentioned market share reduction with a major customer. Year-over-year performance-related segment EBITDA includes a benefit of $25 for increased pricing/recoveries and material cost savings and lower commodity costs of $5. These benefits were more than offset by increased warranty expense of $16, higher supplier transition costs of $8 and other cost increases.

Off-Highway

	Sales	Segment EBITDA	Segment EBITDA Margin
2014	$1,231	$169	13.7 %
Volume and mix	(25)	(10)	
Performance	(1)	14	
Currency effects	(165)	(26)	
2015	$1,040	$147	14.1 %

Reduced year-over-year sales due to currency effects resulted principally from a weaker euro. Currency-adjusted sales for 2015 were down slightly from 2014. New business gains in this business are largely offsetting the impact of continued weakness in global end-market demand.

Off-Highway segment EBITDA of $147 in 2015 was down $22 from 2014. Currency effects are the primary driver of the reduced EBITDA, reflecting a weaker euro and other international currencies. The performance-related segment EBITDA improvement is primarily attributable to material cost savings of $18 and lower warranty expense of $3 which is partially offset by increases in other costs.

Power Technologies

	Sales	Segment EBITDA	Segment EBITDA Margin
2014	$1,052	$154	14.6 %
Volume and mix	75	15	
Performance	(10)	2	
Currency effects	(112)	(22)	
2015	$1,005	$149	14.8 %

Power Technologies primarily serves the light vehicle market but also sells product to the medium/heavy truck and off-highway markets. A weaker euro and Canadian dollar were the primary drivers of the reduced sales due to currency. Net of currency effects, sales in 2015 increased about 6% compared to 2014, principally from stronger market demand. Increases in year-over-year light vehicle engine build of 2% in North America and 5% in Europe were the primary drivers of the volume increase.

Segment EBITDA of $149 in 2015 was $5 lower than 2014, due principally to currency effects. The performance-related improvement in 2015 segment EBITDA was primarily driven by lower warranty expense of $7 and higher material cost savings of $6, partially offset by pricing actions which reduced segment earnings by $10.

Summary Consolidated Results of Operations (2014 versus 2013)

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

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

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

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

The 2014 sales increase of 6% in North America was driven primarily by stronger production levels in the light vehicle and medium/heavy vehicle markets. Light vehicle engine builds and full frame light truck production were both up about 6% and combined medium/heavy truck production was higher by about 17%. Partially offsetting these stronger volumes was lower demand in the off-highway markets.

Our sales in Europe in 2014 were generally flat with 2013, with currency movements having a nominal impact. Our Off-Highway segment has a significant European presence. The weaker demand in the markets served by this segment contributed to reduced sales of around $60. Largely offsetting the weaker off-highway demand were stronger production levels in the light vehicle market where light engine build was up 3% and light truck production was higher by about 7%. Our sales in Europe in 2014 also benefited from new Light Vehicle programs coming on line during the year.

South America sales in 2014 were significantly reduced by currency effects from a weaker Brazilian real and Argentine peso along with devaluation of the Venezuelan bolivar. Adjusted for currency effects, 2014 sales in South America were down

$42 or about 4%. Production levels were down in our light and commercial vehicle end markets – light truck production off 12%, light vehicle engine build down about 16% and medium/heavy truck production lower by 23%. Partially offsetting the effects of lower demand levels was cost recovery pricing for material and other cost inflation.

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

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

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

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

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

Loss on disposal group held for sale — During the fourth quarter of 2014, we entered into an agreement to sell our operations in Venezuela. We completed the sale in January 2015. The divested business was determined to be held for sale at December 31, 2014, resulting in the recognition of a loss of $80 to reduce the assets and liabilities of this business to their fair value less cost to sell. Reference is made to Divestitures in this Item 7 and to Note 2 of the consolidated financial statements in Item 8 for additional disclosures regarding this transaction.

Pension settlement charges — We completed two actions in the fourth quarter of 2014 that reduced our pension plan obligations. Lump sum payments to deferred vested salaried participants in our U.S. pension plans under a voluntary program resulted in a settlement charge of $36, while completion of a wind-up of certain Canadian pension plans resulted in a charge of $6. See Note 10 of the consolidated financial statements in Item 8 for additional discussion of these two actions.

Loss on extinguishment of debt — In connection with a refinancing of long-term debt obligations in the fourth quarter of 2014, we recognized expense for the call premium incurred and the write-off of the unamortized financing costs associated with the extinguished obligations. See Note 12 of the consolidated financial statements in Item 8 for additional disclosure surrounding this debt refinancing.

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

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

The change in interest income in 2014 includes a reduction of $11 attributable to a payment-in-kind note receivable being partially prepaid in 2013 and subsequently sold in January 2014. Additionally, interest income in 2013 included $3 from a favorable legal ruling related to recovery of gross receipts taxes paid in Brazil in earlier periods. Net foreign exchange gain in 2014 resulted in large part from favorable currency movement on an intercompany loan that was fully paid in the first half of 2014. As described in Note 1 of the consolidated financial statements in Item 8, devaluation of the Venezuelan bolivar was recognized through use of the SICAD rate for translating the bolivar-denominated activities of our operations in Venezuela. Devaluation charges of $20 in 2014 were more than offset by gains of $22 from subsequent settlement of dollar-denominated obligations at the more favorable official exchange rate and sales of U.S. dollars at the SICAD 2 exchange rate. The net foreign exchange loss for 2013 included a charge of $6 resulting from the devaluation of the Venezuelan bolivar and subsequent recoveries of $5 on transactions existing at the date of devaluation that were subsequently settled at the former exchange rate. See Note 17 of the consolidated financial statements in Item 8 for additional information. During 2013, we received $4 on the sale of our interest in claims pending in the liquidation proceedings of an insurer to a third party, $7 of other asbestos-related recoveries and a $2 insurance recovery related to business interruptions resulting from flooding in Thailand. During 2013, we wrote off deferred financing costs of $2 associated with our prior revolving credit facility and $2 upon the termination of our European accounts receivable backed credit facility. The January 2014 sale and 2013 prepayment of the payment-in-kind note receivable resulted in recognition of $2 and $5 of an unrealized gain that arose following the valuation of the note receivable below its callable value at emergence from bankruptcy.

Interest expense — Interest expense was $118 and $99 in 2014 and 2013. The impact of higher average debt levels was partially offset by a lower average effective interest rate. As discussed in Note 12 to the consolidated financial statements in Item 8, we completed the sale of $425 and $750 in senior unsecured notes in December 2014 and July 2013, respectively, and redeemed $345 in senior unsecured notes in December 2014. Average effective interest rates, inclusive of amortization of debt issuance costs, approximated 6.9% and 7.8% in 2014 and 2013.

Income tax expense (benefit) — Income taxes of our continuing operations was a benefit of $70 in 2014. The primary driver was a benefit of $179 recorded for the release of a portion of our U.S. deferred tax asset valuation allowance. As discussed more fully in Note 16 to our consolidated financial statements in Item 8, the release resulted from income forecasted to be realized in 2015 in connection with certain tax planning actions expected to be completed in 2015. The $80 charge associated with the divestiture of our operations in Venezuela provided a partial offset as the expected tax benefit was negated by an adjustment to the valuation allowance. Excluding these valuation allowance adjustments, the effective tax rate of continuing operations in 2014 was 33% as the benefit of income in certain jurisdictions outside the U.S. being taxed at lower statutory rates more than offset withholding taxes incurred in connection with the repatriation of income to the U.S. In 2013, tax expense of $119 resulted in an effective tax rate of 32%. Adjusted for valuation allowance effects, primarily in the U.S., the effective income tax rate in 2013 was 34%. Lower statutory rates outside the U.S. were the primary contributor to the adjusted 2013 rate being less than the U.S.

statutory rate.

In the U.S. and certain other countries, our recent history of operating losses does not allow us to satisfy the “more likely than not” criterion for recognition of deferred tax assets. Therefore, there is generally no income tax recognized on the pre-tax income or losses in these jurisdictions as valuation allowance adjustments offset the associated tax effects. See Note 16 to our consolidated financial statements in Item 8 for additional information.

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

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

Segment Results of Operations (2014 versus 2013)

Light Vehicle

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

Adverse currency effects in our Light Vehicle segment were attributable in large part to devaluation of the Venezuelan bolivar and a weaker Argentine peso, South African rand and Thai baht. Exclusive of currency effects, Light Vehicle sales for 2014 were 4% higher than in 2013. Volume and mix increased largely from stronger 2014 full frame light truck production in North America of 6% and increased light truck production in Europe of 7%, along with contributions from new program roll-outs. Partially offsetting these volume increases were lower demand levels in Thailand, India, Australia and Venezuela. Performance sales impact is primarily increased pricing to recover material, devaluation and inflationary costs in Argentina and Venezuela.

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

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

Commercial Vehicle

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

Reduced sales resulting from currency effects in our Commercial Vehicle segment were due primarily to a weaker Brazilian real. After adjusting for the effects of currency, sales in our Commercial Vehicle segment in 2014 were up about 2% from the previous year. Increases in Class 8 and medium truck production in North America of 21% and 12% were the primary drivers of the volume-related sales increase. This was largely offset, however, by the effects of a reduction of about 23% in medium/heavy truck production in South America where we have a significant commercial vehicle market presence.

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

Off-Highway

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

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

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

Power Technologies

	Sales	Segment EBITDA	Segment EBITDA Margin
2013	$1,030	$150	14.6 %
Volume and mix	42	11	
Performance	(4)	(3)	
Currency effects	(16)	(4)	

2014	$1,052	$154	14.6 %

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

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

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 adjustments not related to our core operations (gain/loss on debt extinguishment, pension settlements or divestitures, impairment, etc.). Adjusted EBITDA is a primary driver of cash flows from operations and a measure of our ability to maintain and continue to invest in our operations and provide shareholder returns. Adjusted EBITDA should not be considered a substitute for income before income taxes, net income or other results reported in accordance with GAAP. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

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

	2015	2014	2013
Segment EBITDA			
Light Vehicle	$262	$250	$242
Commercial Vehicle	100	172	194
Off-Highway	147	169	163
Power Technologies	149	154	150
Total Segment EBITDA	658	745	749
Corporate expense and other items, net	(6)	1	(2)
Structures EBITDA			(2)
Adjusted EBITDA	652	746	745
Depreciation and amortization	(174)	(213)	(262)
Restructuring	(15)	(21)	(24)
Interest expense, net	(100)	(103)	(74)
Structures EBITDA			2
Other*	(71)	(149)	(19)
Income from continuing operations before income taxes	292	260	368
Income tax expense (benefit)	82	(70)	119
Equity in earnings (losses) of affiliates	(34)	13	12
Income from continuing operations	176	343	261
Income (loss) from discontinued operations	4	(15)	(1)
Net income	$180	$328	$260

* Other includes stock compensation expense, strategic transaction expenses, impairment of long-lived assets, gain on derecognition of noncontrolling interest, loss on disposal group held for sale, distressed supplier costs, amounts attributable to previously divested/closed operations, pension settlement charges, loss on extinguishment of debt, write-off of deferred financing costs, recognition of unrealized gain on payment-in-kind note receivable, and other items. See Note 18 to our consolidated financial statements in Item 8 for additional details.

Free Cash Flow

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

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

	2015	2014	2013
Net cash provided by operating activities	$406	$510	$577
Purchases of property, plant and equipment	(260)	(234)	(209)
Free cash flow	$146	$276	$368

Liquidity

Our global liquidity at December 31, 2015 was as follows:

Cash and cash equivalents	$791
Less: Deposits supporting obligations	(8)
Available cash	783
Additional cash availability from revolving facility	260
Marketable securities	162
Total global liquidity	$1,205

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 $143 held by a wholly-owned subsidiary at December 31, 2015 can be transferred out of this subsidiary only if approved by its independent board member. Accordingly, accessing this component of global liquidity is uncertain.

The components of our December 31, 2015 consolidated cash balance were as follows:

	U.S.	Non-U.S.	Total
Cash and cash equivalents	$260	$427	$687
Cash and cash equivalents held as deposits	2	6	8
Cash and cash equivalents held at less than wholly-owned subsidiaries	3	93	96
Consolidated cash balance	$265	$526	$791

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

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

At December 31, 2015, we had no borrowings under the revolving facility but we had utilized $37 for letters of credit. Based on our borrowing base collateral, we had availability as of that date under the revolving facility of $260 after deducting the outstanding letters of credit.

In December 2014, we completed the sale of $425 in senior unsecured notes. Net proceeds of the offering after transaction costs totaled $418. Net proceeds of $359 were used to redeem $345 of our senior notes due February 15, 2019 (February 2019 Notes) pursuant to a tender offer at a weighted average price of 104.116%. In January 2015, net proceeds of $41 were used to redeem $40 of our February 2019 Notes at a price of 103.000%. In March 2015, net proceeds of $16 were used to redeem the remaining $15 of our February 2019 Notes at a price of 103.250%.

At December 31, 2015, we were in compliance with the covenants of our financing agreements. Under the revolving facility and our senior notes, we are required to comply with certain incurrence-based covenants customary for facilities of these types. The incurrence-based covenants in the revolving facility permit us to, among other things, (i) issue foreign subsidiary indebtedness, (ii) incur general secured indebtedness and (iii) incur additional unsecured debt so long as the pro forma minimum fixed charge coverage ratio is at least 1.0:1.0. We may also make dividend payments in respect of our common stock as well as certain investments and acquisitions so long as there is (i) at least $100 of pro forma excess borrowing availability or (ii) at least $75 of pro forma excess borrowing availability and the pro forma minimum fixed charge coverage ratio is at least 1.0:1.0. The indentures governing our senior notes include similar incurrence-based covenants that may subject us to additional specified limitations.

Our Board of Directors approved an expansion of our existing common stock share repurchase program from $1,400 to $1,700 on January 11, 2016. During 2015, we paid $311 to acquire 16,412,485 shares of common stock in the open market.

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

Cash Flow

	2015	2014	2013
Cash provided by (used for) changes in working capital	$(41)	$(39)	$104
Other cash provided by operations	447	549	473
Net cash provided by operating activities	406	510	577
Net cash used in investing activities	(258)	(246)	(222)
Net cash used in financing activities	(403)	(254)	(150)
Net increase (decrease) in cash and cash equivalents	$(255)	$10	$205

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

Operating activities — Exclusive of working capital, other cash provided by operations was $447 during 2015 compared to $549 during 2014 and $473 during 2013. The decrease during 2015 was primarily attributable to lower operating earnings and lower year-over-year cash received on our payment-in-kind note receivable attributable to interest of $40, partially offset by lower year-over-year cash income taxes of $26, cash paid for interest of $26 and restructuring payments of $10. The increase during 2014 was primarily attributable to lower year-over-year pension contributions of $41 and higher year-over-year cash received on our payment-in-kind note receivable attributed to interest of $14. Lower cash taxes and restructuring payments in 2014 contributed an additional $20 and $14 to improved operating cash flows.

Working capital used cash of $41 and $39 in 2015 and 2014. Cash of $32 was used to finance increased receivables in 2014. Cash of $28 and $56 was used to fund higher inventory levels in 2015 and 2014. Decreases in accounts payable and other net liabilities used cash of $13 in 2015 while increases in accounts payable and other net liabilities provided cash of $49 in 2014.

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

Investing activities — Expenditures for property plant and equipment were $260, $234 and $209 in 2015, 2014 and 2013. During 2015, purchases of marketable securities were funded by proceeds from sales and maturities of marketable securities. As discussed above, we received proceeds in 2014 from the sale of a payment-in-kind note receivable which included $35 of principal. During 2014, net purchases of marketable securities were primarily funded by cash receipts related to the sale of our payment-in-kind notes receivable. Also during 2014, we received $9 that was released from escrow related to the 2010 sale of our former Structural Products business. During 2013, we paid $8 related to our strategic alliance with Fallbrook. As discussed above, we received a payment in 2013 on a payment-in-kind note receivable which included $33 of principal. During 2013, net purchases of marketable securities were primarily funded by cash receipts related to our payment-in-kind notes receivable.

Financing activities — During 2015, we redeemed $55 of our February 2019 Notes at a $2 premium. During 2014, we completed the sale of $425 in senior unsecured notes and paid financing costs of $7 related to the notes. Also during 2014, we redeemed $345 of our February 2019 Notes at a $15 premium. During 2013, we completed the sale of $750 in senior unsecured notes and paid financing costs of $14 related to the notes and $3 to amend our revolving facility. During 2013, we used cash of $474 to redeem our Series A preferred stock and $7 to purchase the noncontrolling interests in our United Kingdom subsidiaries. We used cash of $311, $260 and $337 to repurchase common shares under our share repurchase program in 2015, 2014 and 2013. We used $8 and $28 for dividend payments to preferred stockholders in 2014 and 2013 and used $37, $32 and $30 for dividend payments to common stockholders in 2015, 2014 and 2013. Distributions to noncontrolling interest totaled $9, $9 and $11 in 2015, 2014 and 2013.

Contractual Obligations

We are obligated to make future cash payments in fixed amounts under various agreements. The following table summarizes our significant contractual obligations as of December 31, 2015.

		Payments Due by Period			
Contractual Cash Obligations	Total	2016	2017 - 2018	2019 - 2020	After 2020
Long-term debt(1)	$1,583	$17	$38	$3	$1,525
Interest payments(2)	633	91	180	178	184
Leases(3)	159	34	56	28	41
Unconditional purchase obligations(4)	93	90	1	1	1
Pension contribution(5)	14	14			
Retiree health care benefits(6)	86	4	9	10	63
Uncertain income tax positions(7)					
Total contractual cash obligations	$2,568	$250	$284	$220	$1,814

Notes:

(1) Principal payments on long-term debt and capital lease obligations in place at December 31, 2015.

(2) Interest payments are based on long-term debt and capital leases in place at December 31, 2015 and the interest rates applicable to such obligations.

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

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

(5) This amount represents estimated 2016 minimum required contributions to our global defined benefit pension plans. We have not estimated pension contributions beyond 2016 due to the significant impact that return on plan assets and changes in discount rates might have on such amounts.

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

(7) We are not able to reasonably estimate the timing of payments related to uncertain tax positions because the timing of settlement is uncertain. The above table does not reflect unrecognized tax benefits at December 31, 2015 of $87. See Note 16 to our consolidated financial statements in Item 8 for additional discussion.

At December 31, 2015, we maintained cash balances of $8 on deposit with financial institutions primarily to support property insurance policy deductibles, certain employee retirement obligations and specific government approved environmental remediation efforts.

Contingencies

For a summary of litigation and other contingencies, see Note 14 to our consolidated financial statements in Item 8. We believe that any liabilities beyond the amounts already accrued that may result from these contingencies will not have a material adverse effect on our liquidity, financial condition or results of operations.

Critical Accounting Estimates

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

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

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

In 2015, we generated taxable income associated with a tax planning action originally contemplated in 2014. At that time, the gain and related income associated with these actions were estimated to generate tax of $179. Upon completion of the tax planning action in 2015, it was determined that the final income generated by the transaction was higher than anticipated as a consequence of proposed Internal Revenue Service regulations issued during 2015 providing guidance on the tax treatment afforded a component of the tax planning action we undertook as well as revised income estimates, which resulted in an additional $66 release of valuation allowance. In conjunction with the tax planning action, a prepaid tax asset of $190 was recorded. The prepaid tax asset represents the usage of tax attributes recognized in 2014 and 2015 through the release of the valuation allowance on our deferred tax assets and will be amortized into tax expense over the life of the assets transferred in the transaction. During 2015, $2 of the prepaid tax asset was recognized in tax expense as a result of this amortization. In addition, we recognized tax expense of $23 related to the sale of the affiliate's stock. While our U.S. operations have experienced improved profitability in recent years, our analysis of the income of the U.S. operations, as adjusted for changes to historical income for developments through 2015, demonstrates historical losses as of December 31, 2015. Therefore, we have not achieved a level of sustained profitability that would, in our judgment, support a release of the valuation allowance at December 31, 2015. While there may be opportunity for our U.S. operations to generate profits in the future, our near-term level of profitability is uncertain. The potential long-term profitability cannot be given as much weight in our analysis given the objectively verifiable lack of sustained pro forma historical profitability and uncertainty associated with the future U.S. operations.

In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is less than certain. We are regularly under audit by the various applicable tax authorities. Although the outcome of tax audits is always uncertain, we believe that we have appropriate support for the positions taken on our tax returns and that our annual tax provisions include amounts sufficient to pay assessments, if any, which may be proposed by the taxing authorities. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. See additional discussion of our deferred tax assets and liabilities in Note 16 to our consolidated financial statements in Item 8.

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

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

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

U.S. retirement plans

Our U.S. defined benefit pension plans comprise about 85% of our consolidated defined benefit pension obligations at December 31, 2015. These plans are frozen and no service-related costs are being incurred. Changes in our net obligations are principally attributable to changing discount rates and the performance of plan assets. Pension obligations are valued using discount rates established annually in consultation with our outside actuarial advisers using a theoretical bond portfolio, adjusted according to the timing of expected cash flows for our future obligations. Declining discount rates increase the present value of future pension obligations – a 25 basis point decrease in the discount rate would increase our U.S. pension liability by about $43. As indicated above, when establishing the expected long-term rate of return on our U.S. pension plan assets, we consider historical performance and forward looking return estimates reflective of our portfolio mix and investment strategy. Based on the most recent analysis of projected portfolio returns, we concluded that the use of 6.5% as the expected return on our U.S. pension plan assets for 2016 is appropriate. See Note 10 to the consolidated financial statements in Item 8 for information about the investing and allocation objectives related to our U.S. pension plan assets.

During the fourth quarter of 2015, the Society of Actuaries (SOA) issued new mortality improvement scales (MP-2015). When it issued MP-2014 a year earlier, the SOA had projected improvement from the beginning of 2008 after analyzing historical data through 2007. In connection with selecting our assumptions in 2014, we had compared actual experience for years after 2007 to the improvement projected in MP-2014, along with other information, before concluding that a 0.75% long-term improvement rate (LTIR) for periods beginning with 2014 was appropriate and that the LTIR would be attained by 2020, sooner than the period assumed in MP-2014. The mortality improvement assumptions adopted in 2014 were not modified in 2015 as they are generally consistent with MP-2015.

Effective January 1, 2016, we changed the method used to estimate the service (where applicable) and interest components of the annual cost of our pension and other postretirement benefit plans. Prior to 2016, we estimated interest and service expense using the discount rate underlying the calculation of the related projected benefit obligation at the end of the preceding year, which was a weighted-average rate derived from the corresponding yield curve. The new method, referred to as a full yield curve approach, estimates interest and service expense using the specific spot rates, from the yield curve, that relate to projected cash flows. This method, which we believe is more precise, will reduce interest expense for our pension plans in the U.S. by approximately $14 in 2016. The determination of the projected benefit obligation at year end is unchanged, accordingly the actuarial gain or loss will be affected by the amount of the change in interest and service expense.

At December 31, 2015, we have $513 of unrecognized losses relating to our U.S. pension plans. Actuarial gains and losses, which are primarily the result of changes in the discount rate and other assumptions and differences between actual and expected asset returns, are deferred in AOCI and amortized to expense following the corridor approach. We use the average remaining service period of active participants unless almost all of the plan's participants are inactive, in which case we use the average remaining life expectancy of inactive participants.

Actuarial gains and losses can also impact required cash contributions. Based on the current funded status of our U.S. plans, there are no minimum contribution requirements for 2016.

See Note 10 to our consolidated financial statements in Item 8 for additional discussion of our pension and OPEB obligations.

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

The most likely factors that would significantly impact our forecasts are changes in customer production levels and loss of significant portions of our business. We believe that the assumptions and estimates used in the assessment of the goodwill in our Off-Highway reporting unit and our other indefinite-lived intangible assets as of October 31, 2015 were reasonable. There is a significant excess of fair value over the carrying value of these assets at December 31, 2015.

Long-lived assets with definite lives — We perform impairment assessments on our property, plant and equipment and our definite-lived intangible assets whenever events and circumstances indicate that the carrying amounts of the assets may not be recoverable. When indications are present, we compare the estimated future undiscounted net cash flows of the operations to which the assets relate to the carrying amounts of such assets. We utilize the cash flow projections discussed above for property, plant and equipment and amortizable intangibles. We group the assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the undiscounted future cash flows using the life of the primary assets. If the carrying amounts of the long-lived assets are not recoverable from future cash flows and exceed their fair value, an impairment loss is recognized to reduce the carrying amounts of the long-lived assets to their fair value. Fair value is determined based on discounted cash flows, third party appraisals or other methods that provide appropriate estimates of value. Determining whether a triggering event has occurred, performing the impairment analysis and estimating the fair value of the assets require numerous assumptions and a considerable amount of management judgment. During 2015, we recorded a $36 charge, fully impairing the long-lived assets related to a significant South

American supplier to our Commercial Vehicle operating segment. See Note 2 to our consolidated financial statements in Item 8 for additional information.

Investments in affiliates — As of December 31, 2015 and 2014 , we had aggregate investments in affiliates of $153 and $204. We monitor our investments in affiliates for indicators of other-than-temporary declines in value on an ongoing basis in accordance with GAAP. If we determine that an other-than temporary decline in value has occurred, we recognize an impairment loss, which is measured as the difference between the recorded carrying value and the fair value of the investment. Fair value is generally determined using the discounted cash flows (an income approach) or guideline public company (a market approach) methods. A deterioration in industry conditions and decline in the operating results of our non-consolidated affiliates could result in the impairment of our investments. During 2015, we recorded a $39 impairment charge related to our investment in DDAC. See Note 19 to our consolidated financial statements in Item 8 for additional information.

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

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

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

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

Changes in the fair value of derivative instruments treated as cash flow hedges are reported in OCI. Deferred gains and losses are reclassified to earnings in the same period in which the underlying transactions affect earnings. Changes in the fair value of derivative instruments not treated as cash flow hedges are recognized in earnings in the period in which those changes occur. Changes in the fair value of derivative instruments associated with product-related transactions are recorded in cost of sales, while those associated with non-product transactions are recorded in other income, net. See Note 13 to our consolidated financial statements in Item 8.

The following table summarizes the sensitivity of the fair value of our derivative instruments, including forward contracts and currency swaps, at December 31, 2015 to a 10% change in foreign exchange rates (versus the currencies presented).

	10% Increase in Rates Gain (Loss)	10% Decrease in Rates Gain (Loss)
Foreign currency rate sensitivity:		
Forward contracts and currency swaps		
Long U.S. dollars	$(18)	$18
Short U.S. dollars	$10	$(10)
Long euros (short other than U.S. dollar)	$(5)	$5
Short euros (long other than U.S. dollar)	$9	$(9)
Other, net	$(1)	$1

At December 31, 2015, approximately one-half of our foreign currency derivative instruments are associated with recorded intercompany loans while the other half is primarily associated with our forecasted foreign currency-denominated sales and purchase transactions. Except where not necessary due to the existence of natural hedges, our foreign currency-denominated loans are nearly fully hedged, eliminating virtually all currency exposure on those loans.

We are also subject to currency translation risk with respect to our net investments in foreign subsidiaries and, as deemed appropriate, we hedge such risk. As of December 31, 2015, no net investment hedge contracts remain outstanding.

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

Interest rate risk — Our long-term debt portfolio consists mostly of fixed-rate instruments. On occasion we enter into interest rate swaps to convert fixed-rate debt to floating-rate debt. As of December 31, 2015, we do not hold any derivative contracts that hedge our interest rate risk.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Dana Holding Corporation

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Dana Holding Corporation and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015 based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP
Toledo, Ohio
February 18, 2016

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

	2015	2014	2013
Net sales	$6,060	$6,617	$6,769
Costs and expenses			
Cost of sales	5,211	5,672	5,849
Selling, general and administrative expenses	391	411	410
Amortization of intangibles	14	42	74
Restructuring charges, net	15	21	24
Impairment of long-lived assets	(36)		
Loss on disposal group held for sale		(80)	
Pension settlement charges		(42)	
Loss on extinguishment of debt	(2)	(19)	
Other income, net	14	48	55
Income from continuing operations before interest expense and income taxes	405	378	467
Interest expense	113	118	99
Income from continuing operations before income taxes	292	260	368
Income tax expense (benefit)	82	(70)	119
Equity in earnings (losses) of affiliates	(34)	13	12
Income from continuing operations	176	343	261
Income (loss) from discontinued operations	4	(15)	(1)
Net income	180	328	260
Less: Noncontrolling interests net income	21	9	16
Net income attributable to the parent company	159	319	244
Preferred stock dividend requirements		7	25
Preferred stock redemption premium			232
Net income (loss) available to common stockholders	$159	$312	$(13)
Net income (loss) per share available to parent company common stockholders:			
Basic:			
Income (loss) from continuing operations	$0.98	$2.07	$(0.08)
Income (loss) from discontinued operations	$0.02	$(0.10)	$(0.01)
Net income (loss)	$1.00	$1.97	$(0.09)
Diluted:			
Income (loss) from continuing operations	$0.97	$1.93	$(0.08)
Income (loss) from discontinued operations	$0.02	$(0.09)	$(0.01)
Net income (loss)	$0.99	$1.84	$(0.09)
Weighted-average common shares outstanding			
Basic	159.0	158.0	146.4
Diluted	160.0	173.5	146.4
Dividends declared per common share	$0.23	$0.20	$0.20

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

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

	2015	2014	2013
Net income	$180	$328	$260
Less: Noncontrolling interests net income	21	9	16
Net income attributable to the parent company	159	319	244
Other comprehensive income (loss) attributable to the parent company, net of tax:			
Currency translation adjustments	(181)	(185)	(40)
Hedging gains and losses	5	(9)	(4)
Investment and other gains and losses	(3)	2	(9)
Defined benefit plans	2	(78)	122
Other comprehensive income (loss) attributable to the parent company	(177)	(270)	69
Other comprehensive income (loss) attributable to noncontrolling interests, net of tax:			
Currency translation adjustments	(5)	(4)	(5)
Hedging gains and losses			1
Defined benefit plans	1		
Other comprehensive loss attributable to noncontrolling interests	(4)	(4)	(4)
Total comprehensive income (loss) attributable to the parent company	(18)	49	313
Total comprehensive income attributable to noncontrolling interests	17	5	12
Total comprehensive income (loss)	$(1)	$54	$325

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

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

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	$791	$1,121
Marketable securities	162	169
Accounts receivable		
Trade, less allowance for doubtful accounts of $5 in 2015 and $6 in 2014	673	755
Other	115	117
Inventories	625	654
Other current assets	108	111
Current assets of disposal group held for sale		27
Total current assets	2,474	2,954
Goodwill	80	90
Intangibles	102	169
Other noncurrent assets	353	312
Investments in affiliates	150	204
Property, plant and equipment, net	1,167	1,176
Total assets	$4,326	$4,905
Liabilities and equity		
Current liabilities		
Notes payable, including current portion of long-term debt	$22	$65
Accounts payable	712	791
Accrued payroll and employee benefits	145	158
Taxes on income	19	32
Other accrued liabilities	193	194
Current liabilities of disposal group held for sale		21
Total current liabilities	1,091	1,261
Long-term debt, less debt issuance costs of $21 in 2015 and $25 in 2014	1,553	1,588
Pension and postretirement obligations	521	580
Other noncurrent liabilities	330	279
Noncurrent liabilities of disposal group held for sale		17
Total liabilities	3,495	3,725
Commitments and contingencies (Note 14)		
Parent company stockholders' equity		
Preferred stock, 50,000,000 shares authorized, $0.01 par value, no shares outstanding	—	—
Common stock, 450,000,000 shares authorized, $0.01 par value, 150,068,040 and 166,070,057 shares outstanding	2	2
Additional paid-in capital	2,311	2,640
Accumulated deficit	(410)	(532)
Treasury stock, at cost (23,963 and 1,588,990 shares)	(1)	(33)
Accumulated other comprehensive loss	(1,174)	(997)
Total parent company stockholders' equity	728	1,080
Noncontrolling equity	103	100
Total equity	831	1,180
Total liabilities and equity	$4,326	$4,905

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

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

	2015	2014	2013
Operating activities			
Net income	$180	$328	$260
Depreciation	158	164	175
Amortization of intangibles	16	49	87
Amortization of deferred financing charges	5	5	5
Call premium on senior notes	2	15	
Write off of deferred financing costs	1	4	4
Earnings of affiliates, net of dividends received	12	4	(2)
Stock compensation expense	14	16	16
Deferred income taxes	(10)	(199)	(10)
Pension expense (contributions), net	(18)	30	(60)
Impairment of long-lived assets	36		
Impairment of equity affiliate	39		
Loss on disposal group held for sale		78	
Interest payment received on payment-in-kind note receivable		40	26
Change in working capital	(41)	(39)	104
Change in other noncurrent assets and liabilities	(7)	(16)	(3)
Other, net	19	31	(25)
Net cash provided by operating activities	406	510	577
Investing activities			
Purchases of property, plant and equipment	(260)	(234)	(209)
Principal payment received on payment-in-kind note receivable		35	33
Purchases of marketable securities	(43)	(84)	(84)
Proceeds from sales of marketable securities	17	7	28
Proceeds from maturities of marketable securities	30	21	8
Proceeds from sale of businesses		9	1
Other	(2)		1
Net cash used in investing activities	(258)	(246)	(222)
Financing activities			
Net change in short-term debt	(5)	(8)	(14)
Proceeds from letters of credit		12	
Repayment of letters of credit	(4)	(8)	
Proceeds from long-term debt	18	448	817
Repayment of long-term debt	(60)	(372)	(57)
Call premium on senior notes	(2)	(15)	
Deferred financing payments		(7)	(17)
Preferred stock redemption			(474)
Dividends paid to preferred stockholders		(8)	(28)
Dividends paid to common stockholders	(37)	(32)	(30)
Distributions to noncontrolling interests	(9)	(9)	(11)
Repurchases of common stock	(311)	(260)	(337)
Other	7	5	1
Net cash used in financing activities	(403)	(254)	(150)
Net increase (decrease) in cash and cash equivalents	(255)	10	205
Cash and cash equivalents - beginning of period	1,121	1,256	1,059

Effect of exchange rate changes on cash balances	(75)	(118)	(8)
Less: cash of disposal group held for sale		(27)	
Cash and cash equivalents - end of period	$791	$1,121	$1,256

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

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

	Parent Company Stockholders'								
	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Compre-hensive Loss	Parent Company Stockholders' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2012	$753	$2	$2,668	$(769)	$(25)	$(793)	$1,836	$112	$1,948
Net income				244			244	16	260
Other comprehensive income (loss)						69	69	(4)	65
Preferred stock dividends ($4.00 per share)				(25)			(25)		(25)
Common stock dividends ($0.20 per share)				(30)			(30)		(30)
Distributions to noncontrolling interests							—	(11)	(11)
Preferred stock redemption	(242)			(232)			(474)		(474)
Share conversion	(139)		140				1		1
Common stock share repurchases					(337)		(337)		(337)
Purchase of noncontrolling interests			6			(3)	3	(9)	(6)
Repurchase of equity awards			(2)				(2)		(2)
Stock compensation			28				28		28
Stock withheld for employees taxes					(4)		(4)		(4)
Balance, December 31, 2013	372	2	2,840	(812)	(366)	(727)	1,309	104	1,413
Net income				319			319	9	328
Other comprehensive loss						(270)	(270)	(4)	(274)
Preferred stock dividends ($3.00 per share)				(7)			(7)		(7)
Common stock dividends ($0.20 per share)				(32)			(32)		(32)

Distributions to noncontrolling interests							—	(9)	(9)
Share conversion	(372)		74		301		3		3
Common stock share repurchases					(260)		(260)		(260)
Retire treasury shares			(294)		294		—		—
Stock compensation			20				20		20
Stock withheld for employees taxes					(2)		(2)		(2)
Balance, December 31, 2014	—	2	2,640	(532)	(33)	(997)	1,080	100	1,180
Net income				159			159	21	180
Other comprehensive loss						(177)	(177)	(4)	(181)
Common stock dividends ($0.23 per share)				(37)			(37)		(37)
Distributions to noncontrolling interests							—	(9)	(9)
Derecognition of noncontrolling interest							—	(5)	(5)
Common stock share repurchases					(311)		(311)		(311)
Retire treasury shares			(346)		346		—		—
Stock compensation			17				17		17
Stock withheld for employees taxes					(3)		(3)		(3)
Balance, December 31, 2015	$—	$ 2	$ 2,311	$ (410)	$ (1)	$ (1,174)	$ 728	$ 103	$ 831

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

Dana Holding Corporation
Index to Notes to the Consolidated
Financial Statements

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

Note 1. Organization and Summary of Significant Accounting Policies

General

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

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

Summary of significant accounting policies

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

In the first quarter of 2015, we identified an error attributable to the calculation of noncontrolling interests net income of a subsidiary. The error resulted in an understatement of noncontrolling equity and noncontrolling interests net income and a corresponding overstatement of parent company stockholders' equity and net income attributable to the parent company in prior periods. Based on our assessments of qualitative and quantitative factors, the error and related impacts were not considered material to the financial statements of the prior periods to which they relate. The error was corrected in March 2015 by increasing noncontrolling interests net income by $9. The correction was not considered material to our 2015 net income attributable to the parent company.

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

Held for sale — We classify long-lived assets or disposal groups as held for sale in the period: management commits to a plan to sell; the long-lived asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such long-lived assets or disposal groups; an active program to locate a buyer and other actions required to complete the plan to sell have been initiated; the sale is probable within one year; the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Long-lived assets and disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell. See Note 2 for additional information regarding the disposal group held for sale at the end of 2014 and divested in January 2015.

Discontinued operations — Prior to January 1, 2015, we would classify a business component that had been disposed of or classified as held for sale as discontinued operations if the cash flows of the component were eliminated from our ongoing operations and we no longer had any significant continuing involvement in or with the component. The results of operations of our discontinued operations, including any gains or losses on disposition, were aggregated and presented on one line in the income statement. See Recently adopted accounting pronouncements in this note for a description of the current practice and Note 2 for additional information regarding our discontinued operations.

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

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

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

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

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

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

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

Pre-production costs related to long-term supply arrangements — The costs of tooling used to make products sold under long-term supply arrangements are capitalized as part of property, plant and equipment and amortized over their useful lives if we own the tooling or if we fund the purchase but our customer owns the tooling and grants us the irrevocable right to use the tooling over the contract period. If we have a contractual right to bill our customers, costs incurred in connection with the design and development of tooling are carried as a component of other accounts receivable until invoiced. Design and development costs related to customer products are deferred if we have an agreement to collect such costs from the customer; otherwise, they are expensed when incurred. At December 31, 2015, the machinery and equipment component of property, plant and equipment includes $3 of our tooling related to long-term supply arrangements, while trade and other accounts receivable includes $27 of costs related to tooling that we have a contractual right to collect from our customers.

Goodwill — We test goodwill for impairment annually as of October 31 and more frequently if events occur or circumstances change that would warrant an interim review. Goodwill impairment testing is performed at the reporting unit level, which is our operating segment. We estimate the fair value of the reporting unit in the first step using various valuation methodologies, including projected future cash flows and multiples of current earnings. If the estimated fair value of the reporting unit exceeds its carrying value, the goodwill is considered not impaired. If the carrying value of the reporting unit exceeds its estimated fair value, then the second step of the test would be required to determine the implied fair value of the goodwill and any resulting impairment. Our goodwill is assigned to our Off-Highway segment. The estimated fair value of our Off-Highway reporting unit was significantly greater than its carrying value at October 31, 2015. No impairment of goodwill occurred during the three years ended December 31, 2015.

Intangible assets — Intangible assets include the value of core technology, trademarks and trade names, customer relationships and intangible assets used in research and development activities. Core technology and customer relationships have definite lives while intangible assets used in research and development activities and substantially all of our trademarks and trade names have indefinite lives. Definite-lived intangible assets are amortized over their useful life using the straight-line method of amortization and are periodically reviewed for impairment indicators. Amortization of core technology is charged to cost of sales. Amortization of trademarks and trade names and customer relationships is charged to amortization of intangibles. Intangible assets used in research and development activities have an indefinite life until completion of the associated research and development efforts. Upon completion of development, the assets are amortized over their useful life; if the project is abandoned, the assets are written off immediately. Indefinite-lived intangible assets are tested for impairment annually and more frequently if impairment indicators exist. See Notes 2 and 3 for more information about intangible assets.

Investments in affiliates — Investments in affiliates include investments accounted for under the equity and cost methods. We monitor our investments in affiliates for indicators of other-than-temporary declines in value on an ongoing basis in accordance with GAAP. Indicators include, but are not limited to, current economic and market conditions, operating performance of the affiliate, including current earnings trends and undiscounted cash flows, and other affiliate-specific information. If we determine that an other-than-temporary decline in value has occurred, we recognize an impairment loss, which is measured as the excess of the investment's recorded carrying value over its fair value. The fair value determination, particularly for investments in privately-held companies, requires significant judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and determination of whether any identified impairment is other than temporary. See Note 19 for further information about our investment in affiliates.

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

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

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

Derivatives — Foreign currency forward contracts and currency swaps are carried at fair value. We enter into these contracts to manage our exposure to the impact of currency fluctuations on certain foreign currency-denominated assets and liabilities and on a portion of our forecasted purchase and sale transactions. On occasion, we also enter into net investment hedges to protect the translated U.S. dollar value of our investment in certain foreign subsidiaries.

Changes in the fair value of currency-related contracts treated as cash flow hedges are deferred and included as a component of other comprehensive income (loss) (OCI) to the extent the contracts remain effective and the associated forecasted transactions remain probable. Effectiveness is measured by using regression analysis to determine the degree of correlation between the change in the fair value of the derivative instrument and the change in the associated foreign currency exchange rates. Deferred gains and losses are reclassified to other income, net in the same periods in which the underlying transactions affect earnings.

Changes in the fair value of contracts not treated as cash flow hedges or as net investment hedges are recognized in other income, net in the period in which those changes occur. Changes in the fair value of contracts treated as net investment hedges are recorded in the cumulative translation adjustment (CTA) component of OCI. Amounts recorded in CTA are deferred until such time as the investment in the associated subsidiary is substantially liquidated.

We may also use interest rate swaps to manage exposure to fluctuations in interest rates and to adjust the mix of our fixed-rate and variable-rate debt. With our current portfolio of fixed-rate debt, we occasionally execute a fixed-to-floating interest rate swap which serves to convert our fixed-rate debt to variable-rate debt. As a fair value hedge of the underlying debt, changes in the fair values of the swap and the underlying debt are recorded in interest expense. We do not use derivatives for trading or speculative purposes and we do not hedge all of our exposures.

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

Pension and other postretirement defined benefits — Net pension and postretirement benefits expenses and the related liabilities are determined on an actuarial basis. These plan expenses and obligations are dependent on management's assumptions developed in consultation with our actuaries. We review these actuarial assumptions at least annually and make modifications when appropriate. With the input of independent actuaries and other relevant sources, we believe that the assumptions used are reasonable; however, changes in these assumptions, or experience different from that assumed, could impact our financial position, results of operations or cash flows.

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

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

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

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

Because the economy in Venezuela was considered highly inflationary under GAAP, we remeasured the financial statements of our subsidiaries in Venezuela through the January 2015 date of divestiture 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. In March 2013, the Venezuelan government announced the creation of the Complementary System of Foreign Currency Administration (SICAD), a supplementary currency auction system regulated by the Central Bank of Venezuela for purchases of U.S. dollars by certain eligible importers. During 2013, our subsidiaries in Venezuela were not eligible to utilize SICAD and therefore we continued to use the official exchange rate to remeasure the financial statements of our subsidiaries in Venezuela.

In the first quarter of 2014, the Venezuelan government transferred the administration of the official exchange rate to the National Center of Foreign Commerce (CENCOEX) and indicated that the official exchange rate 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 included 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 could be used by all companies incorporated or domiciled in Venezuela who want to obtain U.S. dollars for any purpose.

With the expansion of SICAD and the formation of SICAD 2 there was uncertainty surrounding transactions that CENCOEX would allow to be transacted at the official exchange rate. In consultation with legal counsel we determined that the SICAD rate, which we believed would apply to dividend remittances, was the appropriate rate to remeasure the bolivar- denominated net monetary assets of our subsidiaries in Venezuela. Effective March 31, 2014, we ceased using the official exchange rate and began using the SICAD rate to remeasure the financial statements of our subsidiaries in Venezuela. See Note 17 for additional information. In January 2015, we completed the divestiture of our operations in Venezuela. See Note 2 for additional information.

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

Research and development — Research and development costs include expenditures for research activities relating to product development and improvement. Salaries, fringes and occupancy costs, including building, utility and overhead costs, comprise the vast majority of these expenses and are expensed as incurred. Research and development expenses were $75, $72 and $64 in 2015, 2014 and 2013.

Recently adopted accounting pronouncements

In August 2015, the Financial Accounting Standards Board (FASB) issued guidance that resolves the issue of whether the scope exception in existing derivatives and hedging guidance is applicable to certain electricity contracts, permitting application of the exception. The guidance confirmed that a forward contract to purchase or sell electricity that is transmitted through a grid operated by an independent system operator will meet the physical delivery criterion under the normal purchases and normal sales scope exception. This guidance is effective immediately, permitting entities to designate prospective qualifying contracts as normal purchases or normal sales. Adoption of the guidance did not impact our consolidated financial statements.

In April 2015, the FASB issued guidance which changes the presentation of debt issuance costs. Debt issuance costs related to term debt will be presented on the balance sheet as a direct deduction from the related debt liability rather than recorded as a separate asset. The amendment does not affect the recognition and measurement of debt issuance costs. There is no effect on the statement of operations as debt issuance costs will continue to be amortized to interest expense. Subsequently, the SEC staff announced that it will not object when debt issuance costs related to a revolving debt arrangement are presented as an asset regardless of whether or not there is an outstanding balance on the revolving debt arrangement. The guidance becomes effective January 1, 2016 and requires retrospective application to all prior periods presented. We adopted the guidance effective December 31, 2015. We have presented $21 and $25 of debt issuance costs as a direct deduction from long-term debt as of December 31, 2015 and 2014. We continue to present debt issuance costs associated with revolving debt arrangements in other noncurrent assets.

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 applies to covered transactions that occur after December 31, 2014. The significance of this guidance for us is dependent on any qualifying future dispositions or disposals.

Recently issued accounting pronouncements

In November 2015, the FASB issued guidance that simplifies the balance sheet classification of deferred taxes. Current GAAP requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. This amendment simplifies the presentation to require that all deferred tax liabilities and assets be classified as noncurrent on the balance sheet. The guidance does not change the existing requirement that only permits offsetting within a jurisdiction. The change to noncurrent classification will have an impact on working capital. This guidance becomes effective January 1, 2017 and allows for prospective or retrospective application, with appropriate disclosures. Early adoption is permitted. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

In September 2015, the FASB issued an amendment that eliminates the requirement to restate prior period financial statements for measurement period adjustments in accounting for business combinations. Entities should recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This guidance becomes effective January 1, 2016 and requires prospective application. The guidance will apply to any qualifying future business combinations.

In July 2015, the FASB issued an amendment that changes the measurement principle for inventory from the lower of cost or market to lower of cost and net realizable value. This amendment only addresses the measurement of inventory if its value declines or is impaired. The guidance on determining the cost of inventory is not being amended. This guidance becomes effective January 1, 2017 and requires prospective application. Early adoption is permitted. Adoption of this guidance will have no impact on our consolidated financial statements.

In May 2015, the FASB issued guidance that modifies disclosures related to investments for which fair value is measured using the net asset value (or its equivalent) per share practical expedient by eliminating the requirement to categorize such assets under the fair value hierarchy. The new guidance also eliminates the requirement to include in certain disclosures those investments that are merely eligible to be measured using the practical expedient, limiting the disclosures to those investments actually valued under that approach. This guidance becomes effective January 1, 2016 and requires retrospective application. The adoption of this guidance will have no impact on our consolidated financial statements but could impact pension asset disclosures.
In April 2015, the FASB issued an amendment to provide explicit guidance about a customer's accounting for fees paid in a cloud computing arrangement. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, then the customer should account for the arrangement as a service contract. The guidance is effective January 1, 2016 and can be adopted either prospectively to all arrangements entered into or materially modified after the effective date or retrospectively. We will be adopting the amendment prospectively and do not expect the guidance to have an impact on our consolidated financial statements.

In April 2015, the FASB issued guidance to provide for a practical expedient that permits an entity to measure defined benefit plan assets and obligations as of the month end that is closest to the entity's fiscal year end or the month end that is closest to the date of a significant event caused by the entity that occurred in an interim period. Significant events, such as a plan amendment, settlement or curtailment, call for a remeasurement in accordance with existing requirements. An entity is required to disclose the accounting policy election and the date used to measure defined benefit plan assets and obligations. The guidance is effective January 1, 2016. The guidance will not impact our consolidated financial statements.

In February 2015, the FASB released updated consolidation guidance that entities must use to evaluate specific ownership and contractual arrangements that lead to a consolidation conclusion. The updates could change consolidation outcomes affecting presentation and disclosures. This guidance, which is effective January 1, 2016, is not expected to impact our consolidated financial statements.

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, which is effective January 1, 2016, is not expected to impact our consolidated financial statements.

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. In July 2015, the FASB adopted a one-year deferral of this guidance. As a result, this guidance will be effective January 1, 2018 with the option to adopt the standard as of the original January 1, 2017 effective date. 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 financial statements including changes to internal processes and controls.

Note 2. Divestitures, Discontinued Operations and Impairment of Long-Lived Assets

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

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

Upon completion of the divestiture of the disposal group in January 2015, we recognized a gain of $5 on the derecognition of the noncontrolling interest in a former Venezuelan subsidiary in other income, net. We also credited other comprehensive loss attributable to the parent for $10 and other comprehensive loss attributable to noncontrolling interests for $1 to eliminate the unrecognized pension expense recorded in accumulated other comprehensive loss.

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

The Longview facility was sold in March 2013 and a previously closed plant in Canada was sold in January 2014. The proceeds from both transactions approximated the carrying values of the facilities. We reached a final agreement on the remaining issues with the buyer in May 2014, resulting in the receipt of $9 from the escrow agent and a charge of $1 to other income (expense) within discontinued operations in 2014.

The results of the discontinued operations were as follows:

	2015	2014	2013
Sales	$—	$—	$—
Restructuring charges, net			1
Other income (expense)	5	(19)	
Pre-tax income (loss)	5	(19)	(1)
Income tax expense (benefit)	1	(4)	
Income (loss) from discontinued operations	$4	$(15)	$(1)

In 2012, Ford Motor Company (Ford) filed a complaint alleging quality issues relating to products supplied by the former Structural Products business at Dana Canada Corporation. The Dana Canada facility was closed in 2008. In December 2014, while admitting no liability related to the complaint, we reached a settlement agreement with Ford. The cost of the settlement with Ford and the associated legal fees incurred in connection with this matter were charged to other income (expense) within discontinued operations in the fourth quarter of 2014. The loss reported for 2014 also includes the charge that resulted from the final settlement of the claims presented by Metalsa along with the related legal fees. The income reported for 2015 includes insurance recoveries related to previously outstanding claims.

Impairment of long-lived assets — On February 1, 2011, we entered into an agreement with SIFCO S.A. (SIFCO), a leading producer of steer axles and forged components in South America. In return for payment of $150 to SIFCO, we acquired the distribution rights to SIFCO's commercial vehicle steer axle systems as well as an exclusive long-term supply agreement for key driveline components. During 2014, our Commercial Vehicle operating segment had $225 of sales attributable to SIFCO supplied axles and parts.

This agreement was accounted for as a business combination for financial reporting purposes. The aggregate fair value of the net assets acquired was allocated primarily to the exclusivity provisions of the supply agreement as a contract-based intangible asset and recorded within our Commercial Vehicle operating segment. Fair value was also allocated to fixed assets and an embedded lease obligation. The intangible asset was being amortized and the fixed assets were being depreciated on a straight-line basis over ten years. The embedded lease obligations were being amortized using the effective interest method over the ten-year useful lives of the related fixed assets.

On April 22, 2014, SIFCO 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. The Brazilian bankruptcy case has subsequently been moved to the 5th Lower Civil Court in the Judicial District of Jundiai, the location of SIFCO's principal operations. Until the third quarter of 2015, SIFCO complied with the terms of the supply agreement. In August 2015, SIFCO discontinued production of our orders and failed to comply with provisions of the supply agreement. We obtained a judicial injunction requiring that SIFCO release any finished product in their possession that was produced pursuant to the supply agreement, resume production and parts supply pursuant to the terms of the supply agreement and cease communications with our customers regarding direct sale of parts. SIFCO contested the injunction we obtained, without success, and refused to comply with the injunction. Through a judicial seizure order we were successful in obtaining the release of the finished product.

Based on SIFCO's refusal to comply with the terms of the supply agreement and the court injunctions as noted above, we believed that the carrying amount of the contract-based intangible asset was not recoverable and therefore tested the associated asset group for impairment as of September 30, 2015 under ASC 360-10. Based upon management's conclusion that there were no future economic benefits and related cash flows associated with the long-lived assets of this asset group, which is comprised predominantly of the intangible asset, management concluded that the fair value of the asset group was de minimis and accordingly recorded a full impairment charge of $36 in the third quarter of 2015.

On October 27, 2015, we entered into an interim agreement with SIFCO under which they have continued to supply us product while pursuing various mutually satisfactory longer-term alternatives. During 2015, in addition to the above mentioned impairment charge, we incurred approximately $8 of increased costs in connection with maintaining product supply from SIFCO. While agreeing on suitable short-term arrangements with SIFCO, we have preserved the ability to pursue the legal rights and remedies available to us to enforce compliance with the original supply agreement. Our ability to maintain continued uninterrupted product supply to satisfy our customer commitments is uncertain, dependent on continued mutually satisfactory interim arrangements with SIFCO and the outcome of their reorganization proceedings.

Note 3. Goodwill and Other Intangible Assets

Goodwill — Our goodwill is assigned to our Off-Highway segment. Based on our October 31, 2015 impairment assessment, the fair value of this segment is significantly higher than its carrying value, including goodwill. We do not believe that our goodwill is at risk of being impaired. The change in the carrying amount of goodwill in 2015 is due to currency fluctuations.

Non-amortizable intangible assets — Our non-amortizable intangible assets include trademarks, trade names and intangible assets used in research and development activities. Trademarks and trade names consist of the Dana® and Spicer® trademarks and trade names utilized in our Commercial Vehicle and Off-Highway segments. We value trademarks and trade names using a relief from royalty method which is based on revenue streams. No impairment was recorded during the three years ended December 31, 2015 in connection with the required annual assessment. Intangible assets used in research and development activities relate to our strategic alliance formed with Fallbrook Technologies Inc. in September 2012. We use the multi-period excess earnings method, an income approach, to value the intangible assets used in research and development activities. No impairment has been recorded during the three years ended in December 31, 2015 in connection with the required annual assessment.

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

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

During the third quarter of 2015, we impaired the customer relationships intangible asset associated with our exclusive long-term supply agreement with SIFCO. See Note 2 for additional information.

Components of other intangible assets —

		December 31, 2015			December 31, 2014		
	Weighted Average Useful Life (years)	Gross Carrying Amount	Accumulated Impairment and Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Impairment and Amortization	Net Carrying Amount
Amortizable intangible assets							

Core technology	7	$86	$(83)	$3	$90	$(85)	$5
Trademarks and trade names	16	3	(2)	1	3	(1)	2
Customer relationships	7	383	(370)	13	493	(416)	77
Non-amortizable intangible assets							
Trademarks and trade names		65		65	65		65
Used in research and development activities		20		20	20		20
		$557	$(455)	$102	$671	$(502)	$169

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The net carrying amounts of intangible assets, other than goodwill, attributable to each of our operating segments at December 31, 2015 were as follows: Light Vehicle Driveline (Light Vehicle) – $11, Commercial Vehicle – $36, Off-Highway – $48 and Power Technologies – $7.

Amortization expense related to amortizable intangible assets —

	2015	2014	2013
Charged to cost of sales	$2	$7	$13
Charged to amortization of intangibles	14	42	74
Total amortization	$16	$49	$87

The following table provides the estimated aggregate pre-tax amortization expense related to intangible assets for each of the next five years based on December 31, 2015 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.

	2016	2017	2018	2019	2020
Amortization expense	$8	$5	$2	$1	$1

Note 4. Restructuring of Operations

Our restructuring activities have historically included rationalizing our operating footprint by consolidating facilities, positioning operations in lower cost locations and reducing overhead costs. In recent years, however, in response to lower demand and other market conditions in certain businesses, our focus has primarily been headcount reduction initiatives to reduce operating 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 2015, we implemented certain headcount reduction programs, primarily in our Commercial Vehicle business in Brazil in response to lower demand in that region. Including costs associated with these actions and with other previously announced initiatives, total restructuring expense in 2015 was $15 and included $12 of severance and related benefits costs and $3 of exit costs.

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

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

Accrued restructuring costs and activity, including noncurrent portion —

	Employee Termination Benefits	Exit Costs	Total
Balance at December 31, 2012	$27	$13	$40
Charges to restructuring	23	11	34
Adjustments of accruals	(9)	(1)	(10)
Discontinued operations charges		1	1
Cash payments	(27)	(13)	(40)
Balance at December 31, 2013	14	11	25
Charges to restructuring	17	6	23
Adjustments of accruals	(2)		(2)
Cash payments	(18)	(8)	(26)
Currency impact	1		1
Balance at December 31, 2014	12	9	21
Charges to restructuring	12	3	15
Cash payments	(12)	(4)	(16)
Currency impact	(3)		(3)
Balance at December 31, 2015	$9	$8	$17

At December 31, 2015, the accrued employee termination benefits relate to the reduction of approximately 100 employees to be completed over the next year. The exit costs relate primarily to lease continuation obligations.

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

	Expense Recognized			Future
	Prior to 2015	2015	Total to Date	Cost to Complete
Light Vehicle	$9	$2	$11	$2
Commercial Vehicle	23	13	36	12
Total	$32	$15	$47	$14

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 5. Inventories

Inventory components at December 31 —

	2015	2014
Raw materials	$303	$304
Work in process and finished goods	368	398
Inventory reserves	(46)	(48)
Total	$625	$654

Note 6. Supplemental Balance Sheet and Cash Flow Information

Supplemental balance sheet information at December 31 —

	2015	2014
Other current assets:		
Deferred tax assets	$43	$50
Prepaid expenses	57	45
Other	8	16
Total	$108	$111
Other noncurrent assets:		
Deferred tax assets	$78	$217
Prepaid income taxes	178	
Amounts recoverable from insurers	44	44
Prepaid expenses	5	11
Deferred financing costs	4	5
Pension assets, net of related obligations	2	3
Other	42	32
Total	$353	$312
Property, plant and equipment, net:		
Land and improvements to land	$185	$207
Buildings and building fixtures	405	420
Machinery and equipment	1,760	1,700
Total cost	2,350	2,327
Less: accumulated depreciation	(1,183)	(1,151)
Net	$1,167	$1,176
Other accrued liabilities (current):		
Non-income taxes payable	$30	$30
Accrued interest	24	25
Warranty reserves	31	24
Asbestos claims obligations	12	13
Deferred income	8	9
Work place injury costs	5	8
Restructuring costs	10	9
Payable under forward contracts	15	20
Environmental	5	3
Other expense accruals	53	53
Total	$193	$194
Other noncurrent liabilities:		
Income tax liability	$78	$75
Asbestos claims obligations	66	68
Deferred income tax liability	83	33
Work place injury costs	30	31
Warranty reserves	25	23
Restructuring costs	7	12
Other noncurrent liabilities	41	37

Total	$330	$279

Supplemental cash flow information —

	2015	2014	2013
Change in working capital:			
Change in accounts receivable	$—	$(32)	$12
Change in inventories	(28)	(56)	50
Change in accounts payable	(22)	66	60
Change in accrued payroll and employee benefits	3	13	7
Change in accrued income taxes	(1)	(2)	(11)
Change in other current assets and liabilities	7	(28)	(14)
Net	$(41)	$(39)	$104
Cash paid during the period for:			
Interest	$96	$122	$72
Income taxes	$90	$116	$136
Non-cash investing and financing activities:			
Purchases of property, plant and equipment included in accounts payable	$55	$48	$43
Stock compensation plans	$15	$13	$13
Conversion of preferred stock into common stock	$—	$372	$139
Conversion of preferred dividends into common stock	$—	$3	$1
Dividends on preferred stock accrued not paid	$—	$—	$4
Per share preferred dividends not paid	$—	$—	$1.00

Note 7. Stockholders' Equity

Preferred Stock

We are authorized to issue 50,000,000 of Dana preferred stock, par value $0.01 per share. There were no preferred shares outstanding at December 31, 2015 or 2014.

Series A Preferred stock issuance and redemption — We had issued 2.5 million shares of our 4.0% Series A Preferred on January 31, 2008 to Centerbridge Partners, L.P. and certain of its affiliates (Centerbridge). Dividends accrued daily until redemption. In August 2013, we paid $474 to redeem our Series A preferred shares, including $3 of redemption costs. The amount paid exceeded the $242 carrying value of our Series A preferred stock. The $232 redemption premium was charged directly to accumulated deficit on our balance sheet. The redemption premium is treated like a dividend on preferred stock and deducted from net income attributable to the parent company in arriving at net income (loss) available to common stockholders.

Series B Preferred stock issuance and conversion — We had issued 5.4 million shares of our 4.0% Series B Preferred on January 31, 2008 to certain investors. Dividends accrued daily until conversion into common stock. During 2014 and 2013, holders of 2,296,802 and 1,417,425 Series B preferred shares elected to convert those preferred shares into common stock and received 19,517,593 and 11,985,254 common shares. The common stock issued included shares to satisfy the accrued dividends owed to the converting Series B preferred stockholders. Based on the market price of Dana common stock on the date of conversion, the fair value of the conversions totaled $409 and $249. As of July 2, 2014, the per share closing price of our common stock exceeded $22.24 for 20 consecutive trading days. As a result, we exercised our right to cause the conversion of all of the remaining outstanding Series B preferred shares at the conversion price of $11.93 upon fulfillment of the required 90-day notice period ending September 30, 2014. We caused the conversion of 1,506,972 Series B shares with holders receiving 12,631,780 common shares valued at $250 based on the market price of Dana common stock on the date of conversion.

Common Stock

We are authorized to issue 450,000,000 shares of Dana common stock, par value $0.01 per share. At December 31, 2015, there were 150,092,003 shares of our common stock issued and 150,068,040 shares outstanding, net of 23,963 in treasury shares. Treasury shares include those shares withheld at cost to satisfy tax obligations from stock awards issued under our stock compensation plan in addition to share repurchases noted below.

Our Board of Directors declared a quarterly cash dividend of six cents per share of common stock in the second, third and fourth quarters of 2015 and five cents per share of common stock in first quarter of 2015. Aggregate 2015 declared and paid dividends total $37. Dividends accrue on restricted stock units (RSUs) granted under our stock compensation program and will be paid in cash or additional units when the underlying units vest.

Treasury stock — During 2014 we reissued 14,879,935 shares of treasury stock in conjunction with the conversion of 1,772,693 Series B preferred shares into common stock. The reissuance of the treasury shares resulted in a $127 charge to additional paid-in capital as the carrying value of the treasury shares reissued exceeded the carrying value of the Series B preferred shares converted. We use the weighted-average pool price of our treasury shares at the date of reissuance to determine the carrying value of treasury shares reissued. In December 2014, we retired 14,600,000 shares of treasury stock. The $294 excess of the cost of the treasury stock over the common stock par value, based on the weighted-average pool price of our treasury shares at the date of retirement, was charged to additional paid-in capital. In December 2015, we retired 18,100,000 shares of treasury stock. The $346 excess of the cost of the treasury stock over the common stock par value, based on the weighted-average pool price of our treasury shares at the date of retirement, was charged to additional paid-in capital.

Share repurchase program — Our Board of Directors approved a share repurchase program of $1,400, expiring on December 31, 2015. Under the program, we spent $311 to repurchase 16,412,485 shares of our common stock during 2015 through open market transactions.

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, December 31, 2012	$(198)	$3	$12	$(610)	$(793)
Other comprehensive income (loss):					
Currency translation adjustments	(40)				(40)
Holding gains (losses)		4	(1)		3
Reclassification of amount to net income (a)		(8)	(8)		(16)
Venezuela bolivar devaluation				2	2
Net actuarial gains				101	101
Reclassification adjustment for net actuarial losses included in net periodic benefit cost (b)				24	24
Tax expense				(5)	(5)
Other comprehensive income (loss)	(40)	(4)	(9)	122	69
Adjustment for purchase of noncontrolling interests	(4)	1			(3)
Balance, December 31, 2013	(242)	—	3	(488)	(727)
Other comprehensive income (loss):					
Currency translation adjustments	(185)				(185)
Holding gains (losses)		(12)	3		(9)
Reclassification of amount to net income (a)		2	(1)		1
Venezuelan bolivar devaluation				4	4
Net actuarial losses				(156)	(156)
Reclassification adjustment for net actuarial losses included in net periodic benefit cost (b)				60	60
Other				3	3
Tax benefit		1		11	12
Other comprehensive income (loss)	(185)	(9)	2	(78)	(270)
Balance, December 31, 2014	(427)	(9)	5	(566)	(997)
Other comprehensive income (loss):					
Currency translation adjustments	(179)				(179)
Holding loss on net investment hedge	(2)				(2)
Holding gains (losses)		(14)	(3)		(17)
Reclassification of amount to net income (a)		20			20
Net actuarial losses				(28)	(28)
Reclassification adjustment for net actuarial losses included in net periodic benefit cost (b)				25	25
Elimination of net prior service cost and actuarial losses of disposal group				10	10
Tax expense		(1)		(5)	(6)
Other comprehensive income (loss)	(181)	5	(3)	2	(177)
Balance, December 31, 2015	$(608)	$(4)	$2	$(564)	$(1,174)

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

(b) See Note 10 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 8. Earnings per Share

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

	2015	2014	2013
Income from continuing operations	$176	$343	$261
Less: Noncontrolling interests	21	9	16
Less: Preferred stock dividend requirements		7	25
Less: Preferred stock redemption premium			