

## **DANA INCORPORATED**

### **Quarterly Financial Information and Reconciliations of Non-GAAP Financial Measures**

#### **Non-GAAP Financial Measures**

Adjusted EBITDA is a non-GAAP financial measure which we have defined as net income 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, divestitures, impairment, etc.). Adjusted EBITDA is a measure of our ability to maintain and continue to invest in our operations and provide shareholder returns. We use adjusted EBITDA in assessing the effectiveness of our business strategies, evaluating and pricing potential acquisitions and as a factor in making incentive compensation decisions. In addition to its use by management, we also believe adjusted EBITDA is a measure widely used by securities analysts, investors and others to evaluate financial performance of our company relative to other Tier 1 automotive suppliers. 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.

Diluted adjusted EPS is a non-GAAP financial measure which we have defined as adjusted net income divided by adjusted diluted shares. We define adjusted net income as net income attributable to the parent company, excluding any nonrecurring income tax items, restructuring charges, amortization expense and other adjustments not related to our core operations (as used in adjusted EBITDA), net of any associated income tax effects. We define adjusted diluted shares as diluted shares as determined in accordance with GAAP based on adjusted net income. This measure is considered useful for purposes of providing investors, analysts and other interested parties with an indicator of ongoing financial performance that provides enhanced comparability to EPS reported by other companies. Diluted adjusted EPS is neither intended to represent nor be an alternative measure to diluted EPS reported under GAAP.

Free cash flow is a non-GAAP financial measure which we have defined as net cash provided by (used in) 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 (used in) operating activities reported under GAAP. Free cash flow may not be comparable to similarly titled measures reported by other companies.

The accompanying financial information provides reconciliations of adjusted EBITDA, diluted adjusted EPS and free cash flow to the most directly comparable financial measures calculated and presented in accordance with GAAP. We have not provided a reconciliation of our adjusted EBITDA and diluted adjusted EPS outlook to the most comparable GAAP measures of net income and diluted EPS. Providing net income and diluted EPS guidance is potentially misleading and not practical given the difficulty of projecting event driven transactional and other non-core operating items that are included in net income and diluted EPS, including restructuring actions, asset impairments and income tax valuation adjustments. The accompanying reconciliations of these non-GAAP measures with the most comparable GAAP measures for the historical periods presented are indicative of the reconciliations that will be prepared upon completion of the periods covered by the non-GAAP guidance.

**DANA INCORPORATED**  
**Consolidated Statement of Operations (Unaudited)**  
**For the Three Months Ended June 30, 2017 and 2016**

(In millions, except per share amounts)

	Three Months Ended	
	June 30,	
	2017	2016
<b>Net sales</b>	\$ 1,840	\$ 1,546
Costs and expenses		
Cost of sales	1,564	1,313
Selling, general and administrative expenses	133	106
Amortization of intangibles	3	2
Restructuring charges, net	10	5
Other income, net		5
Income before interest and income taxes	130	125
Loss on extinguishment of debt	(6)	(17)
Interest income	2	2
Interest expense	27	30
Income before income taxes	99	80
Income tax expense	31	29
Equity in earnings of affiliates	5	4
<b>Net income</b>	73	55
Less: Noncontrolling interests net income	5	2
Less: Redeemable noncontrolling interests net loss	(3)	
<b>Net income attributable to the parent company</b>	<u>\$ 71</u>	<u>\$ 53</u>
<b>Net income per share available to common stockholders</b>		
Basic	\$ 0.48	\$ 0.36
Diluted	\$ 0.47	\$ 0.36
Weighted-average shares outstanding - Basic	144.8	146.6
Weighted-average shares outstanding - Diluted	146.2	147.0
Cash dividends declared per share	\$ 0.06	\$ 0.06

**DANA INCORPORATED**  
**Consolidated Statement of Operations (Unaudited)**  
**For the Six Months Ended June 30, 2017 and 2016**

(In millions, except per share amounts)

	Six Months Ended	
	June 30,	
	2017	2016
<b>Net sales</b>	\$ 3,541	\$ 2,995
Costs and expenses		
Cost of sales	3,002	2,563
Selling, general and administrative expenses	254	204
Amortization of intangibles	5	4
Restructuring charges, net	12	6
Other income (expense), net	(9)	3
Income before interest and income taxes	259	221
Loss on extinguishment of debt	(6)	(17)
Interest income	5	5
Interest expense	54	57
Income before income taxes	204	152
Income tax expense	61	53
Equity in earnings of affiliates	10	4
<b>Net income</b>	153	103
Less: Noncontrolling interests net income	10	5
Less: Redeemable noncontrolling interests net loss	(3)	
<b>Net income attributable to the parent company</b>	<u>\$ 146</u>	<u>\$ 98</u>
<b>Net income per share available to common stockholders</b>		
Basic	\$ 1.00	\$ 0.66
Diluted	\$ 0.99	\$ 0.66
Weighted-average shares outstanding - Basic	144.7	148.0
Weighted-average shares outstanding - Diluted	146.1	148.4
Cash dividends declared per share	\$ 0.12	\$ 0.12

**DANA INCORPORATED**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Three Months Ended June 30, 2017 and 2016**

(In millions)

	Three Months Ended June 30,	
	2017	2016
<b>Net income</b>	\$ 73	\$ 55
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	(31)	(24)
Hedging gains and losses	5	(13)
Investment and other gains and losses		1
Defined benefit plans	5	6
Other comprehensive loss	(21)	(30)
<b>Total comprehensive income</b>	52	25
Less: Comprehensive income attributable to noncontrolling interests	(6)	(2)
Less: Comprehensive income attributable to redeemable noncontrolling interests	-	-
<b>Comprehensive income attributable to the parent company</b>	<u>\$ 46</u>	<u>\$ 23</u>

**DANA INCORPORATED**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Six Months Ended June 30, 2017 and 2016**

(In millions)

	Six Months Ended	
	June 30,	
	2017	2016
<b>Net income</b>	\$ 153	\$ 103
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	(1)	6
Hedging gains and losses	1	(10)
Investment and other gains and losses		3
Defined benefit plans	10	13
Other comprehensive income	10	12
<b>Total comprehensive income</b>	163	115
Less: Comprehensive income attributable to noncontrolling interests	(13)	(6)
Less: Comprehensive loss attributable to redeemable noncontrolling interests	1	
<b>Comprehensive income attributable to the parent company</b>	<u>\$ 151</u>	<u>\$ 109</u>

**DANA INCORPORATED**  
**Consolidated Balance Sheet (Unaudited)**  
**As of June 30, 2017 and December 31, 2016**

(In millions, except share and per share amounts)

	June 30, 2017	December 31, 2016
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 568	\$ 707
Marketable securities	36	30
Accounts receivable		
Trade, less allowance for doubtful accounts of \$8 in 2017 and \$6 in 2016	1,061	721
Other	165	110
Inventories	852	638
Other current assets	93	78
<b>Total current assets</b>	<b>2,775</b>	<b>2,284</b>
Goodwill	136	90
Intangibles	180	109
Deferred tax assets	577	588
Other noncurrent assets	65	226
Investments in affiliates	156	150
Property, plant and equipment, net	1,708	1,413
<b>Total assets</b>	<b>\$ 5,597</b>	<b>\$ 4,860</b>
<b>Liabilities and equity</b>		
Current liabilities		
Notes payable, including current portion of long-term debt	\$ 31	\$ 69
Accounts payable	1,116	819
Accrued payroll and employee benefits	180	149
Taxes on income	35	15
Other accrued liabilities	225	201
<b>Total current liabilities</b>	<b>1,587</b>	<b>1,253</b>
Long-term debt, less debt issuance costs of \$25 in 2017 and \$21 in 2016	1,841	1,595
Pension and postretirement obligations	579	565
Other noncurrent liabilities	318	205
<b>Total liabilities</b>	<b>4,325</b>	<b>3,618</b>
Commitments and contingencies		
Redeemable noncontrolling interest	46	
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, 144,656,276 and 143,938,280 shares outstanding	2	2
Additional paid-in capital	2,339	2,327
Retained earnings	143	195
Treasury stock, at cost (6,965,195 and 6,812,784 shares)	(86)	(83)
Accumulated other comprehensive loss	(1,279)	(1,284)
Total parent company stockholders' equity	1,119	1,157
Noncontrolling interests	107	85
<b>Total equity</b>	<b>1,226</b>	<b>1,242</b>
<b>Total liabilities and equity</b>	<b>\$ 5,597</b>	<b>\$ 4,860</b>

**DANA INCORPORATED**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the Three Months Ended June 30, 2017 and 2016**

(In millions)	Three Months Ended	
	June 30,	
	2017	2016
<b>Operating activities</b>		
Net income	\$ 73	\$ 55
Depreciation	55	43
Amortization of intangibles	3	2
Amortization of deferred financing charges	2	1
Call premium on senior notes	5	12
Write-off of deferred financing costs	1	5
Earnings of affiliates, net of dividends received	3	1
Stock compensation expense	6	5
Deferred income taxes	(5)	1
Pension contributions, net	(1)	(2)
Gain on sale of subsidiary	(3)	
Change in working capital	29	45
Other, net	1	(1)
<b>Net cash provided by operating activities (1)</b>	<b>169</b>	<b>167</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment (1)	(73)	(59)
Purchases of marketable securities	(6)	(13)
Proceeds from sales of marketable securities	1	1
Proceeds from maturities of marketable securities		14
Proceeds from sale of subsidiary	3	
Other	5	(1)
<b>Net cash used in investing activities</b>	<b>(70)</b>	<b>(58)</b>
<b>Financing activities</b>		
Net change in short-term debt	(78)	1
Proceeds from long-term debt	400	409
Repayment of long-term debt	(271)	(352)
Call premium on debt	(5)	(12)
Deferred financing payments	(6)	(10)
Dividends paid to common stockholders	(8)	(9)
Distributions to noncontrolling interests	(2)	(2)
Repurchases of common stock		(53)
Other	(1)	1
<b>Net cash provided by (used in) financing activities</b>	<b>29</b>	<b>(27)</b>
<b>Net increase in cash and cash equivalents</b>	<b>128</b>	<b>82</b>
Cash and cash equivalents – beginning of period	423	669
Effect of exchange rate changes on cash balances	17	(6)
<b>Cash and cash equivalents – end of period</b>	<b>\$ 568</b>	<b>\$ 745</b>

(1) Free cash flow of \$96 in 2017 and \$108 in 2016 is the sum of net cash provided by operating activities reduced by the purchases of property, plant and equipment.

**DANA INCORPORATED**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the Six Months Ended June 30, 2017 and 2016**

(In millions)	Six Months Ended	
	June 30,	
	2017	2016
<b>Operating activities</b>		
Net income	\$ 153	\$ 103
Depreciation	104	84
Amortization of intangibles	6	4
Amortization of deferred financing charges	3	2
Call premium on senior notes	5	12
Write-off of deferred financing costs	1	5
Earnings of affiliates, net of dividends received	(2)	3
Stock compensation expense	10	7
Deferred income taxes	5	5
Pension contributions, net	(3)	(9)
Gain on sale of subsidiary	(3)	
Change in working capital	(104)	(83)
Other, net	5	7
<b>Net cash provided by operating activities (1)</b>	<b>180</b>	<b>140</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment (1)	(169)	(130)
Acquisition of businesses, net of cash acquired	(184)	(18)
Purchases of marketable securities	(17)	(25)
Proceeds from sales of marketable securities	1	4
Proceeds from maturities of marketable securities	13	22
Proceeds from sale of subsidiary	3	
Other	1	(3)
<b>Net cash used in investing activities</b>	<b>(352)</b>	<b>(150)</b>
<b>Financing activities</b>		
Net change in short-term debt	(79)	12
Proceeds from long-term debt	400	441
Repayment of long-term debt	(288)	(376)
Call premium on debt	(5)	(12)
Deferred financing payments	(6)	(10)
Dividends paid to common stockholders	(17)	(18)
Distributions to noncontrolling interests	(3)	(3)
Repurchases of common stock		(81)
Other	1	
<b>Net cash provided by (used in) financing activities</b>	<b>3</b>	<b>(47)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(169)</b>	<b>(57)</b>
Cash and cash equivalents – beginning of period	707	791
Effect of exchange rate changes on cash balances	30	11
<b>Cash and cash equivalents – end of period</b>	<b>\$ 568</b>	<b>\$ 745</b>

(1) Free cash flow of \$11 in 2017 and \$10 in 2016 is the sum of net cash provided by operating activities reduced by the purchases of property, plant and equipment.



**DANA INCORPORATED**  
**Segment Sales and Segment EBITDA (Unaudited)**  
**For the Three Months Ended June 30, 2017 and 2016**

(In millions)	Three Months Ended	
	June 30,	
	2017	2016
<b>Sales</b>		
Light Vehicle	\$ 803	\$ 669
Commercial Vehicle	357	349
Off-Highway	395	252
Power Technologies	285	276
<b>Total Sales</b>	<u>\$ 1,840</u>	<u>\$ 1,546</u>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 93	\$ 71
Commercial Vehicle	30	32
Off-Highway	57	37
Power Technologies	41	43
<b>Total Segment EBITDA</b>	<u>221</u>	<u>183</u>
Corporate expense and other items, net	<u>(4)</u>	<u>(5)</u>
<b>Adjusted EBITDA</b>	<u>\$ 217</u>	<u>\$ 178</u>

**DANA INCORPORATED**  
**Segment Sales and Segment EBITDA (Unaudited)**  
**For the Six Months Ended June 30, 2017 and 2016**

(In millions)	Six Months Ended	
	June 30,	
	2017	2016
<b>Sales</b>		
Light Vehicle	\$ 1,564	\$ 1,282
Commercial Vehicle	686	682
Off-Highway	723	493
Power Technologies	568	538
<b>Total Sales</b>	<b>\$ 3,541</b>	<b>\$ 2,995</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 182	\$ 129
Commercial Vehicle	58	58
Off-Highway	102	69
Power Technologies	91	78
<b>Total Segment EBITDA</b>	<b>433</b>	<b>334</b>
Corporate expense and other items, net	(11)	(8)
<b>Adjusted EBITDA</b>	<b>\$ 422</b>	<b>\$ 326</b>

**DANA INCORPORATED****Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited)****For the Three Months Ended June 30, 2017 and 2016**

(In millions)	Three Months Ended	
	June 30,	
	2017	2016
<b>Segment EBITDA</b>	\$ 221	\$ 183
Corporate expense and other items, net	(4)	(5)
<b>Adjusted EBITDA</b>	217	178
Depreciation	(55)	(43)
Amortization of intangibles	(3)	(2)
Restructuring	(10)	(5)
Stock compensation expense	(6)	(5)
Strategic transaction expenses	(6)	(1)
Acquisition related inventory adjustments	(8)	
Other items	(2)	1
Amounts attributable to previously divested/closed operations	3	2
Loss on extinguishment of debt	(6)	(17)
Interest expense	(27)	(30)
Interest income	2	2
Income before income taxes	99	80
Income tax expense	31	29
Equity in earnings of affiliates	5	4
<b>Net income</b>	<u>\$ 73</u>	<u>\$ 55</u>

**DANA INCORPORATED****Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited)****For the Six Months Ended June 30, 2017 and 2016**

(In millions)	Six Months Ended	
	June 30,	
	2017	2016
<b>Segment EBITDA</b>	\$ 433	\$ 334
Corporate expense and other items, net	(11)	(8)
<b>Adjusted EBITDA</b>	422	326
Depreciation	(104)	(84)
Amortization of intangibles	(6)	(4)
Restructuring	(12)	(6)
Stock compensation expense	(10)	(7)
Strategic transaction expenses	(17)	(3)
Acquisition related inventory adjustments	(14)	
Other items	(3)	(4)
Amounts attributable to previously divested/closed operations	3	3
Loss on extinguishment of debt	(6)	(17)
Interest expense	(54)	(57)
Interest income	5	5
Income before income taxes	204	152
Income tax expense	61	53
Equity in earnings of affiliates	10	4
<b>Net income</b>	<u>\$ 153</u>	<u>\$ 103</u>

**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Three Months Ended June 30, 2017 and 2016**

(In millions, except per share amounts)

	Three Months Ended	
	June 30,	
	2017	2016
<b>Net income attributable to parent company</b>	\$ 71	\$ 53
Items impacting income before income taxes:		
Restructuring charges	10	5
Amortization of intangibles	3	2
Loss on extinguishment of debt	6	17
Income on sale of subsidiary	(3)	
Strategic transaction expenses	6	1
Acquisition related inventory adjustments	8	
Other items	3	(1)
Items impacting income taxes:		
Net income tax expense on items above	(4)	(2)
Tax effects of legal entity restructuring		3
<b>Adjusted net income</b>	<u>\$ 100</u>	<u>\$ 78</u>
Diluted shares - as reported	<u>146</u>	<u>147</u>
Adjusted diluted shares	<u>146</u>	<u>147</u>
<b>Diluted adjusted EPS</b>	\$ 0.68	\$ 0.53

**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Six Months Ended June 30, 2017 and 2016**

(In millions, except per share amounts)

	Six Months Ended June 30,	
	2017	2016
<b>Net income attributable to parent company</b>	\$ 146	\$ 98
Items impacting income before income taxes:		
Restructuring charges	12	6
Amortization of intangibles	6	4
Loss on extinguishment of debt	6	17
Income on sale of subsidiary	(3)	
Strategic transaction expenses	17	3
Acquisition related inventory adjustments	14	
Other items	3	(3)
Items impacting income taxes:		
Net income tax expense on items above	(9)	(2)
Tax effects of legal entity restructuring		6
<b>Adjusted net income</b>	<u>\$ 192</u>	<u>\$ 129</u>
Diluted shares - as reported	<u>146</u>	<u>148</u>
Adjusted diluted shares	<u>146</u>	<u>148</u>
<b>Diluted adjusted EPS</b>	\$ 1.31	\$ 0.87