

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2015
or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number: 001-34029

FEDERAL-MOGUL HOLDINGS CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27300 West 11 Mile Road, Southfield, Michigan
(Address of principal executive offices)

46-5182047
(IRS employer
identification number)

48034
(Zip Code)

(248) 354-7700
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller Reporting Company

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of April 27, 2015, there were 169,040,651 outstanding shares of the registrant's \$0.01 par value common stock.

FEDERAL-MOGUL HOLDINGS CORPORATION

Form 10-Q

For the Three Months Ended March 31, 2015

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FEDERAL-MOGUL HOLDINGS CORPORATION
Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended	
	March 31	
	2015	2014
	(Millions of Dollars, Except per Share Amounts)	
Net sales	\$ 1,835	\$ 1,779
Cost of products sold	(1,584)	(1,506)
Gross profit	251	273
Selling, general and administrative expenses	(203)	(181)
Interest expense, net	(35)	(22)
Restructuring expense	(12)	(8)
Equity earnings of non-consolidated affiliates	12	14
Amortization expense	(14)	(12)
Other income (expense), net	2	(6)
Income before income taxes	1	58
Income tax expense	(11)	(17)
Net (loss) income	(10)	41
Less net income attributable to noncontrolling interests	(1)	(1)
Net (loss) income attributable to Federal-Mogul	<u>\$ (11)</u>	<u>\$ 40</u>
 <u>Net (loss) income per common share - basic and diluted</u>		
Attributable to Federal-Mogul	<u>\$ (0.07)</u>	<u>\$ 0.27</u>

See accompanying notes to condensed consolidated financial statements.

FEDERAL-MOGUL HOLDINGS CORPORATION
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended	
	March 31	
	2015	2014
	(Millions of Dollars)	
Net (loss) income	\$ (10)	\$ 41
Other comprehensive income (loss):		
Foreign currency translation adjustments and other	(119)	(4)
Postemployment benefits:		
Net unrealized postemployment benefits credits arising during period	14	—
Reclassification of net postemployment benefits costs (credits) included in net income (loss) during period	7	2
Income taxes	—	—
Postemployment benefits, net of tax	<u>21</u>	<u>2</u>
Hedge instruments:		
Net unrealized hedging gains (losses) arising during period	1	(2)
Reclassification of net hedging losses included in net income (loss) during the period	—	2
Income taxes	—	—
Hedge instruments, net of tax	<u>1</u>	<u>—</u>
Other comprehensive (loss) income, net of tax	<u>(97)</u>	<u>(2)</u>
Comprehensive (loss) income	(107)	39
Less comprehensive loss attributable to noncontrolling interests	<u>1</u>	<u>—</u>
Comprehensive (loss) income attributable to Federal-Mogul	<u>\$ (106)</u>	<u>\$ 39</u>

See accompanying notes to condensed consolidated financial statements.

FEDERAL-MOGUL HOLDINGS CORPORATION
Condensed Consolidated Balance Sheets (Unaudited)

	March 31 2015	December 31 2014
	(Millions of Dollars)	
ASSETS		
Current assets:		
Cash and equivalents	\$ 323	\$ 332
Accounts receivable, net	1,503	1,419
Inventories, net	1,290	1,215
Prepaid expenses and other current assets	229	225
Total current assets	3,345	3,191
Property, plant and equipment, net	2,295	2,160
Goodwill and other indefinite-lived intangible assets	982	928
Definite-lived intangible assets, net	407	354
Investments in non-consolidated affiliates	257	269
Other noncurrent assets	155	165
	<u>\$ 7,441</u>	<u>\$ 7,067</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt, including current portion of long-term debt	\$ 132	\$ 127
Accounts payable	976	926
Accrued liabilities	537	546
Current portion of pensions and other postemployment benefits liability	44	46
Other current liabilities	194	186
Total current liabilities	1,883	1,831
Long-term debt	2,772	2,563
Pensions and other postemployment benefits liability	1,251	1,282
Long-term portion of deferred income taxes	391	389
Other accrued liabilities	92	93
Shareholders' equity:		
Preferred stock (\$0.01 par value; 90,000,000 authorized shares; none issued)	—	—
Common stock (\$0.01 par value; 450,100,000 authorized shares; 170,636,151 issued shares and 169,040,651 outstanding shares as of March 31, 2015; 151,624,744 issued shares and 150,029,244 outstanding shares as of December 31, 2014)	2	2
Additional paid-in capital, including warrants	2,899	2,649
Accumulated deficit	(697)	(686)
Accumulated other comprehensive loss	(1,237)	(1,142)
Treasury stock, at cost	(17)	(17)
Total Federal-Mogul shareholders' equity	950	806
Noncontrolling interests	102	103
Total shareholders' equity	<u>1,052</u>	<u>909</u>
	<u>\$ 7,441</u>	<u>\$ 7,067</u>

See accompanying notes to condensed consolidated financial statements.

FEDERAL-MOGUL HOLDINGS CORPORATION
Condensed Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended	
	March 31	
	2015	2014
	(Millions of Dollars)	
Cash Provided From (Used By) Operating Activities		
Net (loss) income	\$ (10)	\$ 41
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	83	80
Restructuring expense	12	8
Payments against restructuring liabilities	(16)	(10)
Equity earnings of non-consolidated affiliates	(12)	(14)
Change in postemployment benefits	(9)	(17)
Deferred tax benefit	(1)	(1)
Loss on sale of equity method investment	11	—
Gain on sale of assets	(4)	—
Changes in operating assets and liabilities:		
Accounts receivable	(129)	(105)
Inventories	(101)	(28)
Accounts payable	108	83
Other assets and liabilities	(31)	(20)
Net Cash (Used by) Provided From Operating Activities	(99)	17
Cash Provided From (Used By) Investing Activities		
Expenditures for property, plant and equipment	(108)	(96)
Payments to acquire businesses, net of cash acquired	(305)	(25)
Net proceeds from sale of equity method investment	15	—
Net proceeds from sales of property, plant and equipment	8	4
Net Cash Used By Investing Activities	(390)	(117)
Cash Provided From (Used By) Financing Activities		
Proceeds from equity rights offering net of related fees	250	—
Proceeds from draws on revolving line of credit	339	—
Payments on revolving line of credit	(124)	—
Principal payments on term loans	(7)	(3)
Decrease in other long-term debt	(2)	(2)
Increase (decrease) in short-term debt	8	(1)
Net remittances on servicing of factoring arrangements	—	(2)
Net Cash Provided From (Used By) Financing Activities	464	(8)
Effect of foreign currency exchange rate fluctuations on cash	16	(1)
Decrease in cash and equivalents	(9)	(109)
Cash and equivalents at beginning of period	332	761
Cash and equivalents at end of period	<u>\$ 323</u>	<u>\$ 652</u>

See accompanying notes to condensed consolidated financial statements.

FEDERAL-MOGUL HOLDINGS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
March 31, 2015

1. BASIS OF PRESENTATION

Holding Company Reorganization: On April 15, 2014, Federal-Mogul Corporation completed a holding company reorganization (the “Reorganization”). As a result of the Reorganization, the outstanding shares of Federal-Mogul Corporation common stock were automatically converted on a one-for-one basis into shares of Federal-Mogul Holdings Corporation common stock, and all of the stockholders of Federal-Mogul Corporation immediately prior to the Reorganization automatically became stockholders of Federal-Mogul Holdings Corporation. The rights of stockholders of Federal-Mogul Holdings Corporation are generally governed by Delaware law and Federal-Mogul Holdings Corporation’s certificate of incorporation and bylaws, which are the same in all material respects as those of Federal-Mogul Corporation immediately prior to the Reorganization. In addition, the board of directors of Federal-Mogul Holdings Corporation and its Audit Committee and Compensation Committee are composed of the same members as the board of directors, Audit Committee and Compensation Committee of Federal-Mogul Corporation prior to the Reorganization.

References herein to the “Company,” “Federal-Mogul,” “we,” “us,” “our” refer to Federal-Mogul Corporation for the period prior to the effective time of the Reorganization on April 15, 2014 and to Federal-Mogul Holdings Corporation for the period after the effective time of the Reorganization.

Interim Financial Statements: The unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations. These statements include all adjustments (consisting of normal recurring adjustments) that management believes are necessary for a fair presentation of the results of operations, comprehensive income, financial position and cash flows. The Company’s management believes that the disclosures are adequate to make the information presented not misleading when read in conjunction with the consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014 filed on February 27, 2015. Operating results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ended December 31, 2015.

Principles of Consolidation: The Company consolidates into its financial statements all wholly-owned and any partially-owned subsidiaries that the Company has the ability to control. Control generally equates to ownership percentage, whereby investments that are more than 50% owned are consolidated, investments in affiliates of 50% or less but greater than 20% are accounted for using the equity method, and investments in affiliates of 20% or less are accounted for using the cost method. See Note 9, *Investment in Non-consolidated Affiliates* for discussion regarding the Company’s subsidiaries that are subject to regulatory control.

The Company does not consolidate any entity for which it has a variable interest based solely on power to direct the activities and significant participation in the entity’s expected results that would not otherwise be consolidated based on control through voting interests. Further, the Company’s affiliates are businesses established and maintained in connection with the Company’s operating strategy. All intercompany transactions and balances have been eliminated.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from these estimates.

Controlling Ownership: As of March 31, 2015, Mr. Carl C. Icahn indirectly controls approximately 81.99% of the voting power of the Company’s capital stock and, by virtue of such stock ownership, is able to control or exert substantial influence over the Company, including the election of directors, business strategy and policies, mergers or other business combinations, acquisition or disposition of assets, future issuances of common stock or other securities, incurrence of debt or obtaining other sources of financing, and the payment of dividends on the Company’s common stock. The existence of a controlling stockholder may have the effect of making it difficult for, or may discourage or delay, a third party from seeking to acquire a majority of the Company’s outstanding common stock, which may adversely affect the market price of the stock.

Mr. Icahn’s interests may not always be consistent with the Company’s interests or with the interests of the Company’s other stockholders. Mr. Icahn and entities controlled by him may also pursue acquisitions or business opportunities that may or may not be complementary to the Company’s business. To the extent that conflicts of interest may arise between the Company and Mr. Icahn and his affiliates, those conflicts may be resolved in a manner adverse to the Company or its other shareholders.

Related Party: Insight Portfolio Group LLC (“Insight Portfolio Group”) is an entity formed by Mr. Icahn in order to maximize the potential buying power of a group of entities with which Mr. Icahn has a relationship in negotiating with a wide range of

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suppliers of goods, services and tangible and intangible property at negotiated rates. The Company acquired a minority equity interest in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses beginning in 2013. In addition to the minority equity interest held by the Company, certain subsidiaries of Icahn Enterprises Holdings, including CVR, Tropicana, ARI, Viskase PSC Metals and WPH also acquired minority equity interests in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses. A number of other entities with which Mr. Icahn has a relationship also acquired equity interests in Insight Portfolio Group and also agreed to pay certain operating expenses.

The Company's payments to Insight Portfolio Group were less than \$0.5 million during 2014. The Company anticipates its 2015 payments to Insight Portfolio Group to be similar to the amounts paid in 2014.

Factoring of Trade Accounts Receivable: Federal-Mogul subsidiaries in Brazil, France, Germany, Italy and the United States are party to accounts receivable factoring and securitization facilities. Amounts factored under these facilities consist of the following:

	March 31	December 31
	2015	2014
	(Millions of Dollars)	
Gross accounts receivable factored	\$ 326	\$ 306
Gross accounts receivable factored, qualifying as sales	308	293
Undrawn cash on factored accounts receivable	2	2

Proceeds from the factoring of accounts receivable qualifying as sales and expenses associated with the factoring of receivables are as follows:

	Three Months Ended	
	March 31	
	2015	2014
	(Millions of Dollars)	
Proceeds from factoring qualifying as sales	\$ 390	\$ 410
Losses on sales of account receivables	(2)	(2)

Certain of the facilities contain terms that require the Company to share in the credit risk of the factored receivables. The maximum exposures to the Company associated with these certain facilities' terms were \$19 million and \$17 million as of March 31, 2015 and December 31, 2014, respectively. The fair values of the exposures to the Company associated with these certain facilities' terms were determined to be immaterial.

The losses on sales of accounts receivable are recorded in the consolidated statements of operations within "Other (expense) income, net." Where the Company receives a fee to service and monitor these transferred receivables, such fees are sufficient to offset the costs and, as such, a servicing asset or liability is not incurred as a result of such activities.

Accounts receivables factored but not qualifying as a sale, as defined in FASB ASC Topic 860, *Transfers and Servicing*, were pledged as collateral and accounted for as secured borrowings and recorded in the consolidated balance sheets within "Accounts receivable, net" and "Short-term debt, including the current portion of long-term debt."

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Noncontrolling Interests: The following table presents a rollforward of the changes in noncontrolling interests:

	Three Months Ended March 31 2015
	(Millions of Dollars)
Equity balance of non-controlling interests as of December 31, 2014	\$ 103
Comprehensive income (loss):	
Net income	1
Foreign currency adjustments and other	(2)
Equity balance of non-controlling interests as of March 31, 2015	<u>\$ 102</u>

New Accounting Pronouncements: In May 2014, the FASB issued ASU No. 2014-9, *Revenue from Contracts with Customers (Topic 606)*. This ASU is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. This ASU clarifies the principles for recognizing revenue and provides a common revenue standard for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The Company is currently evaluating the impact that the adoption of this guidance will have on its financial position, results of operations, comprehensive income, cash flows and/or disclosures.

In January 2015, the FASB issued ASU No. 2015-01, *Income Statement—Extraordinary and Unusual Items (Topic 225): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. This ASU is effective for annual periods ending after December 15, 2015, and for annual periods and interim periods thereafter, and reduces complexity of accounting standards by eliminating from GAAP the concept of extraordinary items. The Company expects the adoption of this guidance will have no impact on the Company's financial position, results of operations, comprehensive income, cash flows and disclosures.

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. This ASU is effective for annual periods ending after December 15, 2015, and for annual periods and interim periods thereafter, and change the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The Company expects the adoption of this guidance will have no impact on the Company's financial position, results of operations, comprehensive income, cash flows and disclosures.

In April 2015, the FASB issued ASU No. 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*: This ASU is effective for for annual reporting periods beginning after December 15, 2015, with early adoption permitted. This ASU amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge. The Company is currently evaluating the impact that the adoption of this guidance will have on its financial position, results of operations, comprehensive income, cash flows and/or disclosures.

2. RESTRUCTURING

The Company's restructuring activities are undertaken as necessary to execute management's strategy and streamline operations, consolidate and take advantage of available capacity and resources, and ultimately achieve net cost reductions. Restructuring activities include efforts to integrate and rationalize the Company's businesses and to relocate manufacturing operations to best cost manufacturing locations.

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The costs contained within “Restructuring expense” in the Company’s consolidated statements of operations contain two types: employee costs (principally termination benefits) and facility closure and other costs. Termination benefits are accounted for in accordance with FASB ASC Topic 712, *Compensation – Nonretirement Postemployment Benefits*, and are recorded when it is probable that employees will be entitled to benefits and the amounts can be reasonably estimated. Estimates of termination benefits are based on the frequency of past termination benefits, the similarity of benefits under the current plan and prior plans, and the existence of statutory required minimum benefits. Termination benefits are also accounted for in accordance with FASB ASC Topic 420, *Exit or Disposal Cost Obligations* (“FASB ASC 420”), for one-time termination benefits and are recorded dependent upon future service requirements. Facility closure and other costs are accounted for in accordance with FASB ASC 420 and are recorded when the liability is incurred.

Estimates of restructuring charges are based on information available at the time such charges are recorded. In certain countries where the Company operates, statutory requirements include involuntary termination benefits that extend several years into the future. Accordingly, severance payments continue well past the date of termination at many international locations. Thus, restructuring programs appear to be ongoing when, in fact, terminations and other activities have been substantially completed.

Restructuring opportunities include potential plant closures and employee headcount reductions in various countries that require consultation with various parties including, but not limited to, unions/works councils, local governments and/or customers. The consultation process can take a significant amount of time and impact the final outcome and timing. The Company’s policy is to record a provision for qualifying restructuring costs in accordance with the applicable accounting guidance when the outcome of such consultations becomes probable.

Management expects to finance its restructuring programs through cash generated from its ongoing operations or through cash available under its existing credit facility, subject to the terms of applicable covenants. Management does not expect that the execution of these programs will have an adverse impact on its liquidity position.

The following table provides a quarterly summary of the Company’s consolidated restructuring liabilities and related activity as of and for the three months ended March 31, 2015 by reporting segment.

	Powertrain	Motorparts	Total Reporting Segment	Corporate	Total Company
(Millions of Dollars)					
Balance at December 31, 2014	\$ 36	\$ 16	\$ 52	\$ 1	\$ 53
Provisions	6	6	12	—	12
Payments	(10)	(5)	(15)	(1)	(16)
Acquisitions	2	—	2	—	2
Foreign Currency	(3)	(1)	(4)	—	(4)
Balance at March 31, 2015	\$ 31	\$ 16	\$ 47	\$ —	\$ 47

The following table provides a quarterly summary of the Company’s consolidated restructuring liabilities and related activity for each type of exit cost as of and for the three months ended March 31, 2015. As the table reflects facility closure and other costs are typically paid within the quarter of incurrence.

	Employee Costs	Facility Closure and Other Costs	Total
(Millions of Dollars)			
Balance at December 31, 2014	\$ 51	\$ 2	\$ 53
Provisions	10	2	12
Payments	(13)	(3)	(16)
Acquisitions	2	—	2
Foreign Currency	(4)	—	(4)
Balance at March 31, 2015	\$ 46	\$ 1	\$ 47

The Company recognized net restructuring expenses of \$8 million during the three months ended March 31, 2014. Of these expenses, \$7 million was related to employee costs and \$1 million was related facility closure and other costs.

Activities under Restructuring Programs

In February 2013, the Company's Board of Directors approved evaluation of restructuring opportunities in order to improve operating performance. As such, the Company has initiated several programs and will continue to evaluate alternatives to align its business with executive management's strategy.

The following table provides a summary of the Company's restructuring activities which commenced in the first quarter of 2013 and through the first quarter of 2015. During the first quarter of 2015, certain claims for additional severance were brought against the Company related to one of its restructuring activities. The expected costs associated with both the asserted and unasserted claims are included within the employee cost category. While the Company has recorded its best estimate, the cost associated with those actions could increase; however, the Company does not expect the incremental costs to exceed \$10 million.

	Total Expected Costs	Costs in 2013	Costs in 2014	First Quarter 2015	Estimated Additional Costs
(Millions of dollars)					
Employee costs	\$ 133	\$ 38	\$ 76	\$ 8	\$ 11
Facility closure and other costs	9	1	6	2	—
	<u>\$ 142</u>	<u>\$ 39</u>	<u>\$ 82</u>	<u>\$ 10</u>	<u>\$ 11</u>

3. OTHER INCOME (EXPENSE), NET

The specific components of "Other income (expense), net" are as follows:

	Three Months Ended March 31	
	2015	2014
(Millions of Dollars)		
Loss on sale of equity method investment	\$ (11)	\$ —
Adjustment of assets to fair value	5	(1)
Gain on sale of assets	4	—
Third-party royalty income	2	2
Legal separation costs	(2)	—
Foreign currency exchange	1	(3)
Losses on sales of account receivables	(2)	(2)
Other	5	(2)
	<u>\$ 2</u>	<u>\$ (6)</u>

Loss on sale of equity method investment: During the three months ended March 31, 2015 the Company recognized an \$11 million loss on the disposition of an equity method investment. See Note 9, *Investment in Non-consolidated Affiliates* for further details.

4. ACQUISITIONS

On May 1, 2014, the Company completed the Affinia chassis business acquisition. This business serves leading U.S. aftermarket customers with private label chassis product lines and will allow the Company to broaden its product offering, provide operational synergies and better service customers globally. The purchase price was \$149 million, net of acquired cash. The Company paid \$140 million in the second quarter of 2014 and \$9 million in the third quarter of 2014.

A valuation of the assets from the Affinia chassis business acquisition resulted in \$71 million allocated to tangible net assets, \$26 million allocated to goodwill, and \$52 million allocated to other intangible assets based on estimated fair values as of the acquisition

date as determined by third party valuation specialists. The valuation of assets was performed utilizing cost, income and market approaches.

On July 11, 2014, the Company completed the purchase of certain business assets of the Honeywell brake component business including two recently established manufacturing facilities in China and Romania which substantially strengthens the manufacturing and engineering capabilities of the Company's current global braking portfolio. The business was acquired through a combination of asset and stock purchases for a base purchase price of \$170 million and a provisional estimate of \$15 million subject to certain customary post-closing adjustments, contingent consideration and other liabilities.

A valuation of the assets from the Honeywell brake component business acquisition was performed utilizing cost, income and market approaches resulting in \$185 million allocated to tangible net assets.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date. The Company is in the process of finalizing certain customary post-closing adjustments which could have an effect on the third-party valuations of certain tangible assets; thus, the provisional measurements of net assets are subject to change.

	Estimated Fair Value as of December 31, 2014	Measurement Period Adjustments	Estimated Fair Value as of March 31, 2015
	(Millions of Dollars)		
Cash, net of assumed debt	\$ 6	\$ —	\$ 6
Accounts receivable, net	108	—	108
Inventory, net	75	—	75
Property, plant and equipment, net	189	1	190
Accounts payable	(107)	—	(107)
Acquired post-employment benefits	(81)	—	(81)
Other net assets	(6)	—	(6)
Total identifiable net assets	\$ 184	\$ 1	\$ 185

On February 6, 2015, the Company completed the acquisition of certain assets of the TRW engine components business. The business was acquired through a combination of asset and stock purchases for a base purchase price of approximately \$313 million with \$6 million of consideration to be payable upon certain conditions being met, as defined within the Amended and Restated Share and Asset Purchase Agreement dated January 23, 2015. The purchase price was funded primarily from the available Replacement Revolver Facility and is subject to certain customary closing and post-closing adjustments. The acquisition of certain assets of the TRW engine components business adds a completely new product line to the Company's portfolio, strengthens the Company's position as a leading developer and supplier of core components for engines, and enhances the Company's ability to support its customers to improve fuel economy and reduce emissions.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date. The Company is in the process of finalizing certain customary post-closing adjustments which could have an effect on the third-party valuations of certain tangible assets; thus, the provisional measurements of net assets are subject to change.

	<u>Estimated Fair Value</u>	
	(Millions of Dollars)	
Cash	\$	8
Accounts receivable, net		16
Inventory, net		31
Property, plant and equipment, net		227
Goodwill		51
Other identified intangible assets		69
Accounts payable		(11)
Accrued liabilities		(31)
Acquired post-employment benefits		(45)
Other net assets		4
Total identifiable net assets	<u>\$</u>	<u>319</u>

In addition to the benefits noted above, goodwill is created from the expected synergies through the integration of the engine components business into the existing Powertrain segment which will allow for improved profitability.

The following proforma results for the three months ended March 31, 2015 and 2014 assumes the Affinia chassis business acquisition, the purchase of Honeywell's friction business, and the acquisition of certain assets of the TRW engine components business occurred as of the beginning of 2014 and is inclusive of provisional purchase price adjustments. The proforma results are not necessarily indicative of the results that actually would have been obtained.

	<u>Three Months Ended</u>	
	March 31	
	<u>2015</u>	<u>2014</u>
	(Millions of Dollars, Except Per Share Amounts)	
	Unaudited	
Net sales	<u>\$ 1,879</u>	<u>\$ 2,096</u>
Net income (loss) attributable to Federal-Mogul	<u>\$ (11)</u>	<u>\$ 43</u>
Earnings (loss) per share attributable to Federal-Mogul - basic and diluted	<u>\$ (0.07)</u>	<u>\$ 0.29</u>

During the three months ended March 31, 2015, the Company recorded \$1 million in transaction related expenses, primarily legal and other professional fees, associated with the acquisition of certain assets of the TRW engine components business. These expenses are recorded in "Selling, general and administrative expenses" within the consolidated statement of operations.

5. FINANCIAL INSTRUMENTS

Commodity Price Risk

The Company's production processes are dependent upon the supply of certain raw materials that are exposed to price fluctuations on the open market. The primary purpose of the Company's commodity price forward contract activity is to manage the volatility associated with forecasted purchases. The Company monitors its commodity price risk exposures regularly to maximize the overall effectiveness of its commodity forward contracts. Principal raw materials hedged include natural gas, copper, nickel, tin, zinc, high-grade aluminum and aluminum alloy. Forward contracts are used to mitigate commodity price risk associated with raw materials, generally related to purchases forecast for up to fifteen months in the future.

Information regarding the Company's outstanding commodity price hedge contracts is as follows:

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	March 31 2015	December 31 2014
(Millions of Dollars)		
Combined notional value	\$ 34	\$ 36
Combined notional value designated as hedging instruments	34	36
Unrealized net gain (loss) recorded in "Accumulated other comprehensive loss"	—	(1)

Substantially all of the commodity price hedge contracts mature within one year.

Foreign Currency Risk

The Company manufactures and sells its products in North America, South America, Asia, Europe, Australia and Africa. As a result, the Company's financial results could be significantly affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets in which the Company manufactures and sells its products. The Company's operating results are primarily exposed to changes in exchange rates between the U.S. dollar and various global currencies.

The Company generally tries to use natural hedges within its foreign currency activities, including the matching of revenues and costs, to minimize foreign currency risk. Where natural hedges are not in place, the Company considers managing certain aspects of its foreign currency activities and larger transactions through the use of foreign currency options or forward contracts. Principal currencies hedged have historically included the euro, British pound and Polish zloty. Foreign currency forwards are also used in conjunction with the Company's commodity hedging program. In order to obtain critical terms match for commodity exposure, the Company engages the use of foreign exchange contracts. The Company does not hold any foreign currency price hedge contracts at March 31, 2015 or December 31, 2014.

Other

The Company presents its derivative positions and any related material collateral under master netting agreements on a net basis. For derivatives designated as cash flow hedges, changes in the time value are excluded from the assessment of hedge effectiveness. Unrealized gains and losses associated with ineffective hedges, determined using the hypothetical derivative method, are recognized in "Other income (expense), net". Derivative gains and losses included in "Accumulated other comprehensive loss" for effective hedges are reclassified into operations upon recognition of the hedged transaction. Derivative gains and losses associated with undesignated hedges are recognized in "Other income (expense), net" for outstanding hedges and either "Cost of products sold" or "Other income (expense), net" upon hedge maturity.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of accounts receivable and cash investments. The Company's customer base includes virtually every significant global light and commercial vehicle manufacturer and a large number of distributors, installers and retailers of automotive aftermarket parts. The Company's credit evaluation process and the geographical dispersion of sales transactions help to mitigate credit risk concentration. No individual customer accounted for more than 6% of the Company's direct sales during the three months ended March 31, 2015. One Motorparts' customer accounts for approximately 11% of the Company's net accounts receivable balance as of March 31, 2015. The Company requires placement of cash in financial institutions evaluated as highly creditworthy.

The following table discloses the fair values and balance sheet locations of the Company's derivative instruments, all of which were designated as cash flow hedging instruments:

	Asset Derivatives			Liability Derivatives		
	Balance Sheet	March 31	December 31	Balance Sheet	March 31	December 31
	Location	2015	2014	Location	2015	2014
(Millions of Dollars)						

Derivatives designated as cash flow hedging instruments:

Commodity contracts	Other current liabilities	\$	2	\$	1	Other current liabilities	\$	(2)	\$	(2)
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The following table discloses the effect of the Company's derivative instruments on the consolidated statement of operations and consolidated statement of comprehensive income (loss) for the three months ended March 31, 2015:

Derivatives Designated as Hedging Instruments	Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCL into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCL into Income (Effective Portion)
(Millions of Dollars)			
Commodity contracts	\$ 1	Cost of products sold	\$ —

The following table discloses the effect of the Company's derivative instruments on the consolidated statement of operations and consolidated statement of comprehensive income (loss) for the three months ended March 31, 2014:

Derivatives Designated as Hedging Instruments	Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCL into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCL into Income (Effective Portion)
(Millions of Dollars)			
Commodity contracts	\$ (2)	Cost of products sold	\$ (1)
Foreign currency contracts	—	Cost of products sold	(1)
	\$ (2)		\$ (2)

6. FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("FASB ASC 820"), clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1:* Observable inputs such as quoted prices in active markets;
- Level 2:* Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3:* Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques noted in FASB ASC 820:

- A. *Market approach:* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- B. *Cost approach:* Amount that would be required to replace the service capacity of an asset (replacement cost).
- C. *Income approach:* Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

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Assets and liabilities remeasured and disclosed at fair value on a recurring basis at March 31, 2015 and December 31, 2014 are set forth in the table below:

	Asset (Liability)	Level 2	Valuation Technique
(Millions of Dollars)			
March 31, 2015			
Commodity contracts	\$ —	\$ —	C
December 31, 2014			
Commodity contracts	(1)	(1)	C

The Company calculates the fair value of its commodity contracts and foreign currency contracts using quoted commodity forward rates and quoted currency forward rates, respectively, to calculate forward values, and then discounts the forward values. The discount rates for all derivative contracts are based on quoted bank deposit rates.

7. INVENTORIES

Inventories are stated at the lower of cost or market. Cost was determined by the first-in, first-out method at March 31, 2015 and December 31, 2014. Inventories are reduced by an allowance for excess and obsolete inventories based on management's review of on-hand inventories compared to historical and estimated future sales and usage.

Net inventories consist of the following:

	March 31 2015	December 31 2014
(Millions of Dollars)		
Raw materials	\$ 235	\$ 232
Work-in-process	186	171
Finished products	987	934
	1,408	1,337
Inventory valuation allowance	(118)	(122)
	<u>\$ 1,290</u>	<u>\$ 1,215</u>

8. GOODWILL AND OTHER INTANGIBLE ASSETS

At March 31, 2015 and December 31, 2014, goodwill and other indefinite-lived intangible assets consist of the following:

	March 31, 2015			December 31, 2014		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Amount	Gross Carrying Amount	Accumulated Impairment	Net Carrying Amount
(Millions of Dollars)						
Goodwill	\$ 1,439	\$ (684)	\$ 755	\$ 1,391	\$ (690)	\$ 701
Trademarks and brand names	425	(198)	227	425	(198)	227
	<u>\$ 1,864</u>	<u>\$ (882)</u>	<u>\$ 982</u>	<u>\$ 1,816</u>	<u>\$ (888)</u>	<u>\$ 928</u>

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At March 31, 2015 and December 31, 2014, definite-lived intangible assets consist of the following:

	March 31, 2015			December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
(Millions of Dollars)						
Developed technology	\$ 134	\$ (77)	\$ 57	\$ 116	\$ (73)	\$ 43
Customer relationships	647	(297)	350	598	(287)	311
	<u>\$ 781</u>	<u>\$ (374)</u>	<u>\$ 407</u>	<u>\$ 714</u>	<u>\$ (360)</u>	<u>\$ 354</u>

The following is a quarterly summary of the Company's goodwill as of and for the three months ended March 31, 2015:

	Powertrain	Motorparts	Net Carrying Amount
	(Millions of Dollars)		
Balance at December 31, 2014	\$ 490	\$ 211	\$ 701
2014 impairment finalization	—	6	6
Acquisitions	51	—	51
Foreign currency	(3)	—	(3)
Balance at March 31, 2015	<u>\$ 538</u>	<u>\$ 217</u>	<u>\$ 755</u>

Given the complexity of the calculation, the Company had not finalized "Step 2" of its annual goodwill impairment assessment for the year ended December 31, 2014 prior to filing its annual report on Form 10-K. The goodwill impairment charge recognized during the fourth quarter of 2014 was \$120 million. During the quarter ended March 31, 2015, the Company completed this assessment, and recorded a reduction of \$6 million to its initial goodwill impairment charge. The goodwill impairment charge was required to adjust the carrying value of goodwill to estimated fair value. The estimated fair value was determined based upon consideration of various valuation methodologies, including projected future cash flows discounted at rates commensurate with the risks involved, guideline transaction multiples, and multiples of current and future earnings.

The following is a quarterly summary of the Company's trademarks and brand names as of and for the three months ended March 31, 2015:

	Powertrain	Motorparts	Net Carrying Amount
	(Millions of Dollars)		
Balance at December 31, 2014	\$ 4	\$ 223	\$ 227
Foreign currency	—	—	—
Balance at March 31, 2015	<u>\$ 4</u>	<u>\$ 223</u>	<u>\$ 227</u>

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The following is a quarterly summary of the Company's definite-lived intangible assets (net) as of and for the three months ended March 31, 2015:

	Powertrain	Motorparts	Net Carrying Amount
	(Millions of Dollars)		
Balance at December 31, 2014	\$ 53	\$ 301	\$ 354
Acquisitions	69	—	69
Amortization expense	(3)	(11)	(14)
Foreign currency	(2)	—	(2)
Balance at March 31, 2015	<u>\$ 117</u>	<u>\$ 290</u>	<u>\$ 407</u>

During the three months ended March 31, 2015, the Company recorded \$51 million of goodwill, \$52 million of customer relationships and \$17 million of developed technology in connection with its February 2015 acquisition of certain assets of the TRW engine components business. See Note 4, *Acquisitions*, for further detail on the acquisition.

The Company utilizes the straight line method of amortization, recognized over the estimated useful lives of the assets.

The Company's estimated future amortization expense for its definite-lived intangible assets is as follows:

	Millions of Dollars
2015	\$ 42
2016	55
2017	54
2018	46
2019	46
Thereafter	164
	<u>\$ 407</u>

9. INVESTMENT IN NON-CONSOLIDATED AFFILIATES

The Company maintains investments in several non-consolidated affiliates, which are located in China, France, Germany, Korea, Turkey, India and the United States. With the exception of the deconsolidated business discussed below, the Company generally equates control to ownership percentage whereby investments that are more than 50% owned are consolidated.

As part of the regulatory approval related to the acquisition of certain business assets of the Honeywell brake component business, the Company committed to divest, or procure the divestiture of the commercial vehicle brake pads business relating to original equipment manufacturers ("OEM") and servicers ("OES") (collectively "OE") market in the European Economic Area ("EEA"), based at the manufacturing plant in Marienheide, Germany and light vehicle brake pads business relating to the OE market in the EEA, based at the manufacturing plant in Noyon, France (collectively, the "Divestment Business"). Furthermore, to the extent possible, the Company committed to keep the Divestment Business separate from the business(es) it is retaining, and unless explicitly permitted committed to ensure: (i) management and staff have no involvement in the Divestment Business; (ii) certain key personnel of the Divestment Business have no involvement in any business retained by the Company and do not report to any individual outside the Divestment Business. As such, as of June 30, 2014 the Company deconsolidated its subsidiaries or group of assets which were subject to regulatory commitments and recorded an investment in unconsolidated subsidiary, which was accounted for as an equity method investment until disposition. As of March 31, 2015, the disposition of the Divestment Business was complete. As a result of the disposition, the Company recognized an \$11 million loss on disposal recorded in the line item "Other income (expense), net" in the Company's Condensed Consolidated Statements of Operations.

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The Company does not hold a controlling interest in an entity based on exposure to economic risks and potential rewards (variable interests) for which it is the primary beneficiary. Further, the Company's affiliations are businesses established and maintained in connection with its operating strategy and are not special purpose entities.

The following represents the Company's aggregate investments and direct ownership in these affiliates:

	March 31 2015	December 31 2014
	(Millions of Dollars)	
Investments in non-consolidated affiliates	\$ 257	\$ 269
Direct ownership percentages	2% to 50%	2% to 100%

The following table represents amounts reflected in the Company's financial statements related to non-consolidated affiliates:

	Three Months Ended March 31	
	2015	2014
	(Millions of Dollars)	
Equity earnings of non-consolidated affiliates	\$ 12	\$ 14

The following table presents selected aggregated financial information of the Company's non-consolidated affiliates:

	Three Months Ended March 31	
	2015	2014
	(Millions of Dollars)	
Statements of Operations		
Sales	\$ 213	\$ 221
Gross profit	43	47
Income from continuing operations	33	38
Net income	30	33

10. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	March 31	December 31
	2015	2014
	(Millions of Dollars)	
Accrued compensation	\$ 205	\$ 177
Accrued rebates	116	149
Non-income taxes payable	58	52
Restructuring liabilities	47	53
Alleged defective products	31	30
Accrued professional services	30	28
Accrued product returns	22	24
Accrued income taxes	17	24
Accrued warranty	11	9
	<u>\$ 537</u>	<u>\$ 546</u>

11. DEBT

On April 15, 2014, Federal-Mogul Holdings Corporation entered into a new tranche B term loan facility (the "New Tranche B Facility") and a new tranche C term loan facility (the "New Tranche C Facility," and together with the New Tranche B Facility, the "New Term Facilities"), which were arranged by Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC (the "Term Arrangers"), and assumed all of the obligations of Federal-Mogul Corporation with respect to the Replacement Revolving Facility under the Credit Agreement (both defined below). The New Term Facilities were entered into, and the Replacement Revolving Facility was assumed, by Federal-Mogul Holdings Corporation pursuant to an amendment dated as of April 15, 2014 to the previously existing Term Loan and Revolving Credit Agreement dated December 27, 2007 among Federal-Mogul Corporation, the lenders party thereto, the Term Arrangers, Citibank, N.A., as Revolving Administrative Agent, Citibank, N.A., as Tranche B Term Administrative Agent, Credit Suisse AG, as Tranche C Term Administrative Agent, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Wells Fargo Bank, N.A., as Joint Lead Arrangers and Joint Bookrunners with respect to the Revolving Facility and Wells Fargo Bank, N.A., as sole Documentation Agent with respect to the Revolving Facility (as amended, the "Credit Agreement").

Immediately following the closing of the New Term Facilities, Federal-Mogul Holdings Corporation contributed all of the net proceeds from the New Facilities to Federal-Mogul Corporation, and Federal-Mogul Corporation repaid its existing outstanding indebtedness as a borrower under the tranche B and tranche C term loan facilities.

In accordance with FASB ASC Topic No. 405, *Extinguishments of Liabilities*, the Company recognized a \$24 million non-cash loss on the extinguishment of debt attributable to the write-off of the unamortized fair value adjustment and unamortized debt issuance costs which was recorded in the line item "Loss on Debt Extinguishment" in the Company's Condensed Consolidated Statements of Operations in the second quarter of 2014.

The New Term Facilities, among other things, (i) provides for aggregate commitments under the New Tranche B Facility of \$700 million with a maturity date of April 15, 2018, (ii) provides for aggregate commitments under the New Tranche C Facility of \$1.9 billion with a maturity date of April 15, 2021, (iii) increases the interest rates applicable to the New Facilities as described below, (iv) provides that for all outstanding letters of credit there is a corresponding decrease in borrowings available under the Replacement Revolving Facility, (v) provides that in the event that as of a particular determination date more than \$700 million aggregate principal amount of existing term loans and certain related refinancing indebtedness will become due within 91 days of such determination date, the Replacement Revolving Facility will mature on such determination date, (vi) provides for additional incremental indebtedness, secured on a *pari passu* basis, of an unlimited amount of additional indebtedness if the Company meets a financial covenant incurrence test, and (vii) amends certain other restrictive covenants. Pursuant to the New Term Facilities, Federal-Mogul Holdings Corporation assumed all of the obligations of Federal-Mogul Corporation with respect to the Replacement Revolving Facility under the Credit Agreement.

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Advances under the New Tranche B Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate plus a margin of 2.00% or (ii) the Adjusted LIBOR Rate plus a margin of 3.00%, subject, in each case, to a floor of 1.00%. Advances under the New Tranche C Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate plus a margin of 2.75% or (ii) the Adjusted LIBOR Rate plus a margin of 3.75%, subject, in each case, to a minimum rate of 1.00% plus the applicable margin.

On December 6, 2013, the Company entered into an amendment (the "Replacement Revolving Facility") of its Term Loan and Revolving Credit Agreement dated as of December 27, 2007 (as amended, the "Credit Agreement"), among the Company, the lenders party thereto, Citicorp USA, Inc., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Wachovia Capital Finance Corporation and Wells Fargo Foothill, LLC, as Co-Documentation Agents, to amend its existing revolving credit facility to provide for a replacement revolving credit facility (the "Replacement Revolving Facility"). The Replacement Revolving Facility, among other things, (i) increased the aggregate commitments available under the Replacement Revolving Facility from \$540 million to \$550 million, (ii) extended the maturity date of the Replacement Revolving Facility to December 6, 2018, subject to certain limited exceptions described below, and (iii) amended the Company's borrowing base to provide the Company with additional liquidity.

Advances under the Replacement Revolving Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate (as defined in the Credit Agreement) plus an adjustable margin of 0.50% to 1.00% based on the average monthly availability under the Replacement Revolving Facility or (ii) Adjusted LIBOR Rate (as defined in the Credit Agreement) plus a margin of 1.50% to 2.00% based on the average monthly availability under the Replacement Revolving Facility. An unused commitment fee of 0.375% also is payable under the terms of the Replacement Revolving Facility.

In connection with the New Term Facilities, the Company incurred original issue discount of \$9 million and debt issuance costs of \$6 million in connection with the New Tranche C Facility and original issue discount of \$2 million and debt issuance costs of \$6 million in connection with the New Tranche B Facility. The discount and debt issuance costs are being amortized to interest expense over the terms of the loans of 84 months and 48 months, respectively. As noted above, the unamortized fair value adjustment established when applying the provisions of fresh-start reporting to the Company's Credit agreement was written off upon the closing of the New Term Facilities.

Interest expense associated with the amortization of the original issue discount, debt issuance costs and fair value adjustment recognized in the Company's consolidated statements of operations, consists of the following:

	Three Months Ended	
	March 31	
	2015	2014
	(Millions of Dollars)	
Amortization of debt issuance fees	\$ 1	\$ —
Amortization of fair value adjustment	—	6
	<u>\$ 1</u>	<u>\$ 6</u>

The amortization of the original issue discount was less than one million for the three months ended March 31, 2015.

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Debt consists of the following:

	March 31 2015	December 31 2014
(Millions of Dollars)		
Loans under New Term Facilities:		
Revolver	\$ 215	\$ —
Tranche B term loan	697	698
Tranche C term loan	1,891	1,895
Debt Discount	(10)	(10)
Other debt, primarily foreign instruments	111	107
	<u>2,904</u>	<u>2,690</u>
Less:		
Short-term debt, including current maturities of long-term debt	(132)	(127)
Total long-term debt	<u>\$ 2,772</u>	<u>\$ 2,563</u>

The obligations of the Company under the Credit Agreement are guaranteed by substantially all of the domestic subsidiaries and certain foreign subsidiaries of the Company, and are secured by substantially all personal property and certain real property of the Company and such guarantors, subject to certain limitations. The liens granted to secure these obligations and certain cash management and hedging obligations have first priority.

The Credit Agreement contains certain affirmative and negative covenants and events of default, including, subject to certain exceptions, restrictions on incurring additional indebtedness, mandatory prepayment provisions associated with specified asset sales and dispositions, and limitations on: i) investments; ii) certain acquisitions, mergers or consolidations; iii) sale and leaseback transactions; iv) certain transactions with affiliates; and v) dividends and other payments in respect of capital stock. The Company was in compliance with all debt covenants as of March 31, 2015 and December 31, 2014.

The Replacement Revolving Facility has an available borrowing base of \$301 million and \$516 million as of March 31, 2015 and December 31, 2014, respectively. The Company had \$34 million of letters of credit outstanding as of March 31, 2015 and December 31, 2014, respectively, pertaining to the Replacement Revolving Facility. To the extent letters of credit associated with the Replacement Revolving Facility are issued, there is a corresponding decrease in borrowings available under this facility.

Estimated fair values of the Company's term loans under the Credit Agreement were:

	Estimated Fair Value (Level 1)	Carrying Value in Excess of Fair Value	Valuation Technique
(Millions of Dollars)			
March 31, 2015			
Term Loans	\$ 2,565	\$ (13)	A
December 31, 2014			
Term Loans	\$ 2,571	\$ (12)	A

Fair market values are developed by the use of estimates obtained from brokers and other appropriate valuation techniques based on information available as of March 31, 2015 and December 31, 2014. The fair value estimates do not necessarily reflect the values the Company could realize in the current markets. Refer to Note 6, *Fair Value Measurements*, for definitions of input levels and valuation techniques.

12. PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Company sponsors several defined benefit pension plans ("Pension Benefits") and health care and life insurance benefits ("Other Postemployment Benefits" or "OPEB") for certain employees and retirees around the world.

Components of net periodic benefit cost (credit) for the three and three months ended March 31, 2015 and 2014 are as follows:

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	Pension Benefits				Other Postemployment	
	United States Plans		Non-U.S. Plans		Benefits	
	2015	2014	2015	2014	2015	2014
	(Millions of Dollars)					
Service cost	\$ 1	\$ 1	\$ 4	\$ 3	\$ —	\$ —
Interest cost	12	13	2	4	3	3
Expected return on plan assets	(15)	(16)	—	—	—	—
Amortization of actuarial losses	3	1	3	1	2	1
Amortization of prior service credits	—	—	—	—	(1)	(1)
Net periodic benefit cost (credit)	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ 9</u>	<u>\$ 8</u>	<u>\$ 4</u>	<u>\$ 3</u>

13. INCOME TAXES

For the three months ended March 31, 2015, the Company recorded income tax expense of \$11 million on income before income taxes of \$1 million. This compares to income tax expense of \$17 million on income from operations before income taxes of \$58 million in the same period of 2014. Income tax expense for the three months ended March 31, 2015 differs from the U.S. statutory rate due primarily to pre-tax losses with no tax benefits. The income tax expense for the three months ended March 31, 2014 differs from the U.S. statutory rate due primarily to pre-tax income taxed at rates lower than the U.S. statutory rate and income in jurisdictions with no tax expense due to offsetting valuation allowance changes, partially offset by pre-tax losses with no tax benefits.

On July 11, 2013, the Company became part of an affiliated group of corporations as defined in Section 1504 of the Internal Revenue Code of 1986 ("the Code"), as amended, of which American Entertainment Properties Corp. ("AEP"), a wholly owned subsidiary of Icahn Enterprises, is the common parent. The Company subsequently entered into a tax allocation agreement (the "Tax Allocation Agreement") with AEP. Pursuant to the Tax Allocation Agreement, AEP and the Company have agreed to the allocation of certain income tax items. The Company will join AEP in the filing of AEP's federal consolidated return and certain state consolidated returns. In those jurisdictions where the Company is filing consolidated returns with AEP, the Company will pay to AEP any tax it would have owed had it continued to file separately. To the extent that the AEP consolidated group is able to reduce its tax liability as a result of including the Company in its consolidated group, AEP will pay the Company an amount equal to 20% of such reduction and the Company will carryforward for its own use under the Tax Allocation Agreement 80% of the items that caused the tax reduction (the "Excess Tax Benefits"). While a member of the AEP affiliated group the Company will reduce the amounts it would otherwise owe AEP by the Excess Tax Benefits. Moreover, if the Company should ever become deconsolidated from AEP, AEP will reimburse the Company for any tax liability in post-deconsolidation years the Company would not have paid had it actually had the Excess Tax Benefits for its own use. The cumulative payments to the Company by AEP post-deconsolidation cannot exceed the cumulative reductions in tax to the AEP group resulting from its use of the Excess Tax Benefits. Separate return methodology will be used in determining income taxes.

14. COMMITMENTS AND CONTINGENCIES

Environmental Matters

The Company is a defendant in lawsuits filed, or the recipient of administrative orders issued or demand letters received, in various jurisdictions pursuant to the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980 ("CERCLA") or other similar national, provincial or state environmental remedial laws. These laws provide that responsible parties may be liable to pay for remediating contamination resulting from hazardous substances that were discharged into the environment by them, by prior owners or occupants of property they currently own or operate, or by others to whom they sent such substances for treatment or other disposition at third party locations. The Company has been notified by the United States Environmental Protection Agency, other national environmental agencies, and various provincial and state agencies that it may be a potentially responsible party ("PRP") under such laws for the cost of remediating hazardous substances pursuant to CERCLA and other national and state or provincial environmental laws. PRP designation typically requires the funding of site investigations and subsequent remedial activities.

Many of the sites that are likely to be the costliest to remediate are often current or former commercial waste disposal facilities to which numerous companies sent wastes. Despite the potential joint and several liability which might be imposed on the Company under CERCLA and some of the other laws pertaining to these sites, the Company's share of the total waste sent to these sites has generally been small. The Company believes its exposure for liability at these sites is limited.

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On a global basis, the Company has also identified certain other present and former properties at which it may be responsible for cleaning up or addressing environmental contamination, in some cases as a result of contractual commitments and/or federal or state environmental laws. The Company is actively seeking to resolve these actual and potential statutory, regulatory and contractual obligations. Although difficult to quantify based on the complexity of the issues, the Company has accrued amounts corresponding to its best estimate of the costs associated with such regulatory and contractual obligations on the basis of available information from site investigations and best professional judgment of consultants.

Total environmental liabilities, determined on an undiscounted basis, are included in the consolidated balance sheets as follows:

	March 31 2015	December 31 2014
(Millions of Dollars)		
Other current liabilities	\$ 5	\$ 6
Other accrued liabilities (noncurrent)	10	9
	<u>\$ 15</u>	<u>\$ 15</u>

Management believes that recorded environmental liabilities will be adequate to cover the Company's estimated liability for its exposure in respect to such matters. In the event that such liabilities were to significantly exceed the amounts recorded by the Company, the Company's results of operations and financial condition could be materially affected. At March 31, 2015, management estimates that reasonably possible material additional losses above and beyond management's best estimate of required remediation costs as recorded approximate \$35 million.

Asset Retirement Obligations

The Company records asset retirement obligations ("ARO") in accordance with FASB ASC Topic 410, *Asset Retirement and Environmental Obligations*. The Company's primary ARO activities relate to the removal of hazardous building materials at its facilities. The Company records an ARO at fair value upon initial recognition when the amount can be reasonably estimated, typically upon the expectation that an operating site may be closed or sold. ARO fair values are determined based on the Company's determination of what a third party would charge to perform the remediation activities, generally using a present value technique.

For those sites that the Company identifies in the future for closure or sale, or for which it otherwise believes it has a reasonable basis to assign probabilities to a range of potential settlement dates, the Company will review these sites for both ARO and impairment issues.

The Company has identified sites with contractual obligations and several sites that are closed or expected to be closed and sold. In connection with these sites, the Company maintains ARO liabilities in the consolidated balance sheets as follows:

	March 31 2015	December 31 2014
(Millions of Dollars)		
Other current liabilities	\$ 2	\$ 3
Other accrued liabilities (noncurrent)	17	21
	<u>\$ 19</u>	<u>\$ 24</u>

The Company has conditional asset retirement obligations ("CARO"), primarily related to removal costs of hazardous materials in buildings, for which it believes reasonable cost estimates cannot be made at this time because the Company does not believe it has a reasonable basis to assign probabilities to a range of potential settlement dates for these retirement obligations. Accordingly, the Company is currently unable to determine amounts to accrue for CARO at such sites.

Affiliate Pension Obligations

As a result of the more than 80% ownership interest in the Company by Mr. Icahn's affiliates, the Company is subject to the pension liabilities of all entities in which Mr. Icahn has a direct or indirect ownership interest of at least 80%. One such entity,

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ACF Industries LLC ("ACF"), is the sponsor of several pension plans. All the minimum funding requirements of the Code and the Employee Retirement Income Security Act of 1974 for these plans have been met as of March 31, 2015. If the ACF plans were voluntarily terminated, they would be underfunded by approximately \$77 million as of March 31, 2015. These results are based on the most recent information provided by the plans' actuaries. These liabilities could increase or decrease, depending on a number of factors, including future changes in benefits, investment returns, and the assumptions used to calculate the liability. As members of the controlled group, the Company would be liable for any failure of ACF to make ongoing pension contributions or to pay the unfunded liabilities upon a termination of the pension plans of ACF. In addition, other entities now or in the future within the controlled group in which the Company is included may have pension plan obligations that are, or may become, underfunded and the Company would be liable for any failure of such entities to make ongoing pension contributions or to pay the unfunded liabilities upon termination of such plans. Further, the failure to pay these pension obligations when due may result in the creation of liens in favor of the pension plan or the Pension Benefit Guaranty Corporation ("PBGC") against the assets of each member of the controlled group.

The current underfunded status of the pension plans of ACF requires it to notify the PBGC of certain "reportable events" such as if the Company ceases to be a member of the ACF controlled group, or the Company makes certain extraordinary dividends or stock redemptions. The obligation to report could cause the Company to seek to delay or reconsider the occurrence of such reportable events.

Icahn Enterprises Holdings L.P. and IEH FM Holdings LLC have undertaken to indemnify Federal-Mogul for any and all liability imposed upon the Company pursuant to the Employee Retirement Income Security Act of 1974, as amended, or any regulation thereunder ("ERISA") resulting from the Company being considered a member of a controlled group within the meaning of ERISA § 4001(a)(14) of which American Entertainment Properties Corporation is a member, except with respect to liability in respect to any employee benefit plan, as defined by ERISA § 3(3), maintained by the Company. Icahn Enterprises Holdings L.P. and IEH FM Holdings LLC are not required to maintain any specific net worth and there can be no guarantee Icahn Enterprises Holdings L.P. and IEH FM Holdings LLC will be able to fund its indemnification obligations to the Company.

Other Matters

On April 25, 2014, a group of plaintiffs brought an action against Federal-Mogul Products, Inc. ("F-M Products"), a wholly-owned subsidiary of the Company, alleging injuries and damages associated with the discharge of chlorinated hydrocarbons by the former owner of a facility located in Kentucky. Since 1998, when F-M Products acquired the facility, it has been cooperating with the applicable regulatory agencies on remediating the prior discharges pursuant to an order entered into by the facility's former owner. The Company is unable to estimate any reasonably possible range of loss for reasons including that the plaintiffs did not claim any amount of damages in their complaint. F-M Products intends to vigorously defend this litigation.

The Company is involved in other legal actions and claims, directly and through its subsidiaries. Management does not believe that the outcomes of these other actions or claims are likely to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

15. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS BY COMPONENT (NET OF TAX)

The following represents the Company's changes in accumulated other comprehensive loss ("AOCL") by component for the three months ended March 31, 2015:

	Foreign Currency Translation Adjustments	Gains and Losses on Cash Flow Hedges	Post- employment Benefits	Total
	(Millions of Dollars)			
Balance at December 31, 2014	\$ (482)	\$ (17)	\$ (643)	\$ (1,142)
Other comprehensive income (loss) before reclassifications	(117)	1	14	(102)
Amounts reclassified from AOCL	—	—	7	7
Income taxes	—	—	—	—
Other comprehensive income (loss)	(117)	1	21	(95)
Balance March 31, 2015	<u>\$ (599)</u>	<u>\$ (16)</u>	<u>\$ (622)</u>	<u>\$ (1,237)</u>

16. RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE LOSS

Items not reclassified in their entirety out of AOCL to net income are as follows:

	Three Months Ended March 31		Affected Line Item in the Statement Where Net Income is Presented
	2015	2014	
Losses on cash flow hedges			
Commodity contracts	\$ —	\$ (1)	Cost of products sold
Foreign currency contracts	—	(1)	Cost of products sold
Total	—	(2)	
Income taxes	—	—	Income tax expense
Net of tax	—	(2)	
Postemployment benefits			
Amortization of actuarial losses	(8)	(3)	Cost of products sold and Selling, general and administrative expenses ("SG&A")
Amortization of prior service credits	1	1	Cost of products sold and SG&A
Total	(7)	(2)	
Income taxes	—	—	Income tax (expense) benefit
Net of tax	(7)	(2)	
Total reclassifications	\$ (7)	\$ (4)	

17. STOCK-BASED COMPENSATION

A summary of the Company's stock appreciation rights ("SARs") activity as of and for the three months ended March 31, 2015 is as follows:

	SARs (Thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (Millions)
Outstanding at December 31, 2014	796	\$ 19.51	1.4	\$ —
Exercised	—	—		
Forfeited	(79)	17.65		
Outstanding at March 31, 2015	717	\$ 19.71	1.3	\$ —
Exercisable at March 31, 2015	717	\$ 19.71	1.3	\$ —

In February 2012, 2011 and 2010, the Company granted approximately 809,000, 1,043,000 and 437,000 SARs, respectively, to certain employees. The SARs granted in February 2012 ("2012 SARs") and in February 2011 ("2011 SARs") vested 25.0% on the grant date and 25.0% on each of the next three anniversaries of the grant date. The SARs granted in February 2010 ("2010 SARs") vested 33.3% on each of the three anniversaries of the grant date. All SARs have a term of five years from date of grant. All 2010 SARs were expired as of March 31, 2015. The SARs are payable in cash or, at the election of the Company, in stock. As the Company anticipates paying out SARs exercised in the form of cash, the SARs are being treated as liability awards for accounting purposes. The Company recognized SARs income of \$1 million for the three months ended March 31, 2015 and 2014, respectively.

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The March 31, 2015 and December 31, 2014 SARs fair values were estimated using the Black-Scholes valuation model with the following assumptions:

	March 31, 2015		December 31, 2014		
	2012 SARs	2011 SARs	2012 SARs	2011 SARs	2010 SARs
Exercise price	\$ 17.64	\$ 21.03	\$ 17.64	\$ 21.03	\$ 17.16
Expected volatility	38%	38%	39%	39%	39%
Expected dividend yield	—%	—%	—%	—%	—%
Expected forfeitures	—%	—%	—%	—%	—%
Risk-free rate over the expected life	0.25%	0.13%	0.28%	0.14%	0.03%
Expected life (in years)	1.0	0.5	1.1	0.6	0.1
Fair value (in millions)	\$ 0.2	\$ —	\$ 0.6	\$ 0.2	\$ —
Fair value of vested portion (in millions)	\$ 0.2	\$ —	\$ 0.4	\$ 0.2	\$ —

Expected volatility is based on the average of five-year historical volatility and implied volatility for a group of comparable auto industry companies as of the measurement date. Risk-free rate is determined based upon U.S. Treasury rates over the estimated expected lives. Expected dividend yield is zero as the Company has not paid dividends to holders of its common stock in the recent past nor does it expect to do so in the future. Expected forfeitures are zero as the Company has no historical experience with SARs; the impact of forfeitures is recognized by the Company upon occurrence. Expected life is the average of the time until the award is fully vested and the end of the term.

18. INCOME (LOSS) PER COMMON SHARE

The following table sets forth the computation of basic and diluted income (loss) per common share attributable to Federal-Mogul:

	Three Months Ended	
	March 31	
	2015	2014
	(Millions of Dollars, Except per Share Amounts)	
Net (loss) income attributable to Federal-Mogul	\$ (11)	\$ 40
Weighted average shares outstanding, basic and diluted (in millions)	151.3	150.0
Net (loss) income per common share, basic and diluted, attributable to Federal-Mogul	<u>\$ (0.07)</u>	<u>\$ 0.27</u>

As a result of the Company's common stock registered rights offering announced in February 2015, the Company's total shares outstanding increased by 19,011,407 to 169,040,651 shares outstanding as of March 26, 2015.

Warrants to purchase 6,951,871 common shares, which expired December 27, 2014, were not included in the computation of diluted earnings per shares, because the exercise price was greater than the average market price of the Company's common shares during the three months ended March 31, 2014.

19. OPERATIONS BY REPORTING SEGMENT

The Company operates with two end-customer focused business segments. The Powertrain segment focuses on original equipment products for automotive, heavy duty and industrial applications. The Motorparts segment sells and distributes a broad portfolio of products in the global aftermarket, while also serving original equipment manufacturers with products including braking, chassis, wipers and other vehicle components. This organizational model allows for a strong product line focus benefitting both original equipment and aftermarket customers and enables the Company's global teams to be responsive to customers' needs for superior products and to promote greater identification with the Company's premium brands. Additionally, this organizational model enhances management focus to capitalize on opportunities for organic or acquisition growth, profit improvement, resource utilization and business model optimization in line with the unique requirements of the two different customer bases.

The Company evaluates reporting segment performance principally on a non-GAAP Operational EBITDA basis. Management believes that Operational EBITDA provides supplemental information for management and investors to evaluate the operating performance of its business. Management uses and believes that investors benefit from referring to Operational EBITDA in assessing the Company's operating results. Operational EBITDA presents a performance measure exclusive of capital structure and the method by which net assets were acquired, disposed of, or financed. In 2014, the Company expanded its definition of Operational EBITDA to exclude acquisition related, legal separation and headquarters relocation costs. Accordingly, Operational EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, and certain items such as restructuring and impairment charges, Chapter 11 and U.K. Administration related reorganization expenses, gains or losses on the sales of businesses, the non-service cost components of the U.S. based funded pension plan, OPEB curtailment gains or losses, the income statement impacts associated with SARs, loss on extinguishment of debt and costs associated with acquisitions, legal separation and headquarters relocation. Comparable periods have been adjusted to conform to this definition.

Net sales, cost of products sold and gross profit information are as follows:

	Three Months Ended March 31					
	Net Sales		Cost of Products Sold		Gross Profit	
	2015	2014	2015	2014	2015	2014
	(Millions of Dollars)					
Powertrain	\$ 1,138	\$ 1,138	\$ (996)	\$ (990)	\$ 142	\$ 148
Motorparts	773	720	(664)	(595)	109	125
Inter-segment eliminations	(76)	(79)	76	79	—	—
Total Reporting Segment	<u>\$ 1,835</u>	<u>\$ 1,779</u>	<u>\$ (1,584)</u>	<u>\$ (1,506)</u>	<u>\$ 251</u>	<u>\$ 273</u>

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Operational EBITDA and the reconciliation to net (loss) income are as follows:

	Three Months Ended	
	March 31	
	2015	2014
Powertrain	\$ 110	\$ 117
Motorparts	30	52
Total Operational EBITDA	140	169
Depreciation and amortization	(83)	(80)
Interest expense, net	(35)	(22)
Restructuring expense	(12)	(8)
Loss on sale of equity method investment	(11)	—
Acquisition related costs	(4)	(2)
Legal separation costs	(1)	—
Non-service cost components associated with U.S. based funded pension plans	—	2
Adjustment of assets to fair value	5	(1)
Stock appreciation rights	1	1
Headquarters relocation costs	—	(1)
Income tax expense	(11)	(17)
Other	1	—
Net (loss) income	\$ (10)	\$ 41

Total assets are as follows:

	March 31	December 31
	2015	2014
	(Millions of Dollars)	
Powertrain	\$ 3,835	\$ 3,485
Motorparts	3,285	3,355
Total Reporting Segment Assets	7,120	6,840
Corporate	321	227
Total Company Assets	\$ 7,441	\$ 7,067

FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated in this Quarterly Report on Form 10-Q which are not statements of historical fact constitute “Forward-Looking Statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”).

Forward-looking statements give current expectations or forecasts of future events. Words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “seek” and other words and terms of similar meaning in connection with discussions of future operating or financial performance signify forward-looking statements. The Company also, from time to time, may provide oral or written forward-looking statements in other materials released to the public. Such statements are made in good faith by the Company pursuant to the “Safe Harbor” provisions of the Reform Act.

Any or all forward-looking statements included in this report or in any other public statements may ultimately be incorrect. Forward-looking statements may involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance, experience or achievements of the Company to differ materially from any future results, performance, experience or achievements expressed or implied by such forward-looking statements. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014 (the “Annual Report”) filed on February 27, 2015 as well as the risks and uncertainties discussed elsewhere in the Annual Report and this report. Other factors besides those listed could also materially affect the Company’s business.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management’s Discussion and Analysis of financial condition and results of operations (“MD&A”) should be read in conjunction with the MD&A included in the Company’s Annual Report.

The Company

On April 15, 2014, Federal-Mogul Corporation completed a holding company reorganization (the “Reorganization”). As a result of the Reorganization, the outstanding shares of Federal-Mogul Corporation common stock were automatically converted on a one-for-one basis into shares of Federal-Mogul Holdings Corporation common stock, and all of the stockholders of Federal-Mogul Corporation immediately prior to the Reorganization automatically became stockholders of Federal-Mogul Holdings Corporation. The rights of stockholders of Federal-Mogul Holdings Corporation are generally governed by Delaware law and Federal-Mogul Holdings Corporation’s certificate of incorporation and bylaws, which are the same in all material respects as those of Federal-Mogul Corporation immediately prior to the Reorganization. In addition, the board of directors of Federal-Mogul Holdings Corporation and its Audit Committee and Compensation Committee are composed of the same members as the board of directors, Audit Committee and Compensation Committee of Federal-Mogul Corporation prior to the Reorganization.

References herein to the “Company,” “Federal-Mogul,” “we,” “us,” “our” refer to Federal-Mogul Corporation for the period prior to the effective time of the Reorganization on April 15, 2014 and to Federal-Mogul Holdings Corporation for the period after the effective time of the Reorganization.

On September 3, 2014 the Company announced its plan to separate its Powertrain and Motorparts divisions into two independent, publicly-traded companies serving the global original equipment and aftermarket industries. The planned separation will be implemented through a tax-free distribution of Federal-Mogul’s Motorparts division to shareholders of Federal-Mogul Holdings Corporation. Completion of the transaction is subject to customary conditions, including among others, the Company’s receipt of an IRS ruling or opinion of counsel to the effect that the distribution will qualify as a transaction that is generally tax-free for U.S. Federal Income tax purposes; as well as effectiveness of a Form 10 Registration Statement to be filed with the SEC.

On February 24, 2015, the Company announced that it would defer the previously announced spin-off of its Motorparts division to allow for the integration of its recently completed brake component, chassis and valvetrain acquisitions and to recognize the benefits of the strategic initiatives in the Motorparts division. The Company’s board of directors intends to revisit the timing of the spin-off prior to December 31, 2015. Meanwhile the company will continue to operate as two separate, independent divisions. No assurances can be given regarding the ultimate timing of the separation or that it will be consummated.

Overview

The Company is a leading global supplier of technology and innovation in vehicle and industrial products for fuel economy, emissions reduction, alternative energies, environment and safety systems. The Company serves the world's foremost original equipment manufacturers ("OEM") and servicers ("OES") of automotive, light, medium and heavy-duty commercial vehicles, off-road, agricultural, marine, rail, aerospace, power generation and industrial equipment (collectively, "OE"), as well as the worldwide aftermarket. The Company seeks to participate in both of these markets by leveraging its original equipment product engineering and development capability, manufacturing know-how, and expertise in managing a broad and deep range of replacement parts to service the aftermarket. The Company believes that it is uniquely positioned to effectively manage the life cycle of a broad range of products to a diverse customer base.

The Company has established a global presence and conducts its operations through various manufacturing, distribution and technical centers that are wholly-owned subsidiaries or partially-owned non-consolidated affiliates. During the three months ended March 31, 2015, the Company derived 36% of its sales in the United States and 64% internationally. The Company has operations in established markets including Australia, Belgium, France, Germany, Italy, Japan, Spain, Sweden, the United Kingdom and the United States, and emerging markets including Argentina, Brazil, China, Czech Republic, Hungary, India, Korea, Mexico, Morocco, Poland, Romania, Russia, South Africa and Thailand. The attendant risks of the Company's international operations are primarily related to currency fluctuations, changes in local economic and political conditions, and changes in laws and regulations.

The Company offers its customers a diverse array of market-leading products for OE and replacement parts ("aftermarket") applications, including pistons, piston rings, piston pins, cylinder liners, valve seats and guides, engine valves, ignition products, dynamic seals, bonded piston seals, combustion and exhaust gaskets, static gaskets and seals, rigid heat shields, engine bearings, industrial bearings, bushings and washers, brake disc pads, brake linings, brake blocks, element resistant systems protection sleeving products, acoustic shielding, flexible heat shields, brake system components, chassis products, wipers and lighting.

The Company operates in an extremely competitive industry, driven by global vehicle production volumes and part replacement trends. Business is typically awarded to the supplier offering the most favorable combination of cost, quality, technology and service. Customers continue to demand periodic cost reductions that require the Company to continually assess, redefine and improve its operations, products, and manufacturing capabilities to maintain and improve profitability. Management continues to develop and execute initiatives to meet the challenges of the industry and to achieve its strategy for sustainable global profitable growth.

The Company operates with two end-customer focused business segments. The Powertrain segment focuses on original equipment products for automotive, heavy duty and industrial applications. The Motorparts segment sells and distributes a broad portfolio of products in the global aftermarket, while also serving original equipment manufacturers with products including braking, chassis, wipers and other vehicle components. This organizational model allows for a strong product line focus benefitting both original equipment and aftermarket customers and enables the global Federal-Mogul teams to be responsive to customers' needs for superior products and to promote greater identification with Federal-Mogul premium brands. Additionally, this organizational model enhances management focus to capitalize on opportunities for organic or acquisition growth, profit improvement, resource utilization and business model optimization in line with the unique requirements of the two different customer bases.

The Powertrain segment primarily represents the Company's OE business. About 93% of Powertrain's sales are to OE customers, with the remaining 7% of its sales being sold directly to Motorparts for eventual distribution, by Motorparts, to customers in the independent aftermarket. Discussions about the Company's Powertrain segment or its OE business should be seen as analogous. The performance of Powertrain is therefore highly correlated to changes in regional OEM light and commercial vehicle production, together with the changes in the mix of technologies (such as between light vehicle gasoline and light vehicle diesel), and changes in demand for non-automotive and industrial applications. These drivers are enhanced by the rate at which the Company gains new programs, which is itself affected by the rate at which the OEM's make improvements to emissions and fuel economy – some in response to regional regulations. The Motorparts segment primarily represents the Company's aftermarket business. About 70% of Motorparts' sales are to the customers in the independent aftermarket. The remaining 30% of the Motorparts business is to OEM or tier 1 suppliers to OEM, and the OES market, essentially, dealer supplied replacement parts – a feature more prevalent in Europe than in North America. The OES market is subject to the same general commercial patterns as the aftermarket business. The performance of Motorparts is therefore highly correlated to the factors that variously influence the different regional replacement parts markets around the world, such as vehicle miles driven, the average age of vehicles on the road, the size of the regional vehicle parks and levels of consumer confidence. These drivers are enhanced by the relative strength of the aftermarket brands and the breadth of the portfolio offered relative to the changing needs of the local markets.

For a more detailed description of the Company's business, products, industry, operating strategy and associated risks, refer to the Annual Report

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Consolidated Results – Three Months Ended March 31, 2015 vs. Three Months Ended March 31, 2014

Net sales:

	Three Months Ended March 31	
	2015	2014
	(Millions of Dollars)	
Powertrain	\$ 1,138	\$ 1,138
Motorparts	773	720
Inter-segment eliminations	(76)	(79)
Total	<u>\$ 1,835</u>	<u>\$ 1,779</u>

The percentage of net sales by group and region for the three months ended March 31, 2015 and 2014 are listed below.

	Powertrain	Motorparts	Total
2015			
North America	36%	54%	43%
EMEA	47%	39%	44%
Rest of World	17%	7%	13%
2014			
North America	33%	56%	42%
EMEA	50%	38%	45%
Rest of World	17%	6%	13%

Cost of products sold:

	Three Months Ended March 31	
	2015	2014
	(Millions of Dollars)	
Powertrain	\$ (996)	\$ (990)
Motorparts	(664)	(595)
Inter-segment eliminations	76	79
Total Reporting Segment	<u>\$ (1,584)</u>	<u>\$ (1,506)</u>

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Gross profit:

	Three Months Ended	
	March 31	
	2015	2014
	(Millions of Dollars)	
Powertrain	\$ 142	\$ 148
Motorparts	109	125
Total Reporting Segment	<u>\$ 251</u>	<u>\$ 273</u>

Consolidated sales increased by \$56 million or 3%, to \$1,835 million for the three months ended March 31, 2015 from \$1,779 million in the same period of 2014. The company was negatively impacted by the strengthening of the U.S. dollar against several global currencies which resulted in an unfavorable foreign currency impact of \$160 million. On a constant dollar basis, sales increased by 12% or \$216 million, net of customer price reductions of \$4 million. This sales growth is comprised of an increase in Powertrain's external sales of \$113 million, reflecting the inclusion of the acquisition of certain assets of the TRW engine components business as well as increases in volume and market share gains in the quarter. External sales in the Motorparts division increased by \$103 million, driven by the Affinia chassis and the Honeywell brake component business acquisition.

Consolidated gross profit decreased by \$22 million to \$251 million, or 13.7% of sales, for the three months ended March 31, 2015 compared to \$273 million, or 15.3% of sales in the same period of 2014. The favorable impact on gross profit due to increased external sales volumes/mix of \$29 million and the favorable sourcing savings of \$8 million were offset by unfavorable currency impact of \$32 million, project costs and costs related to Motorparts strategic initiatives of \$18 million, net customer price reductions of \$4 million, increased depreciation of \$3 million and unfavorable productivity of \$2 million. The decrease in gross margin percentage was primarily due to negative currency impact and strategic initiative costs in the Motorparts division.

Reporting Segment Results – Three Months Ended March 31, 2015 vs. Three Months Ended March 31, 2014

The following table provides a reconciliation of changes in sales, cost of products sold, gross profit and Operational EBITDA for the three months ended March 31, 2015 compared with the three months ended March 31, 2014 for each of the Company's reporting segments. In 2014 the Company expanded its definition of Operational EBITDA to exclude acquisition related, legal separation and headquarters relocation costs. Accordingly, Operational EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, and certain items such as restructuring and impairment charges, Chapter 11 and U.K. Administration related reorganization expenses, gains or losses on the sales of businesses, the non-service cost components of the U.S. based funded pension plan, OPEB curtailment gains or losses, the income statement impacts associated with stock appreciation rights, loss on extinguishment of debt and costs associated with acquisitions, legal separation and headquarters relocation. Comparable periods have been adjusted to conform to this definition.

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	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
(Millions of Dollars)				
Sales				
Three months ended March 31, 2014	\$ 1,138	\$ 720	\$ (79)	\$ 1,779
External sales volumes	120	100	—	220
Inter-segment sales volumes	(2)	(1)	3	—
Customer pricing	(7)	3	—	(4)
Foreign currency	(111)	(49)	—	(160)
Three months ended March 31, 2015	\$ 1,138	\$ 773	\$ (76)	\$ 1,835

	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
Cost of Products Sold				
Three months ended March 31, 2014	\$ (990)	\$ (595)	\$ 79	\$ (1,506)
External sales volumes / mix	(101)	(90)	—	(191)
Inter-segment sales volumes	2	1	(3)	—
Productivity, net of inflation	(3)	1	—	(2)
Project costs / strategic initiatives	(1)	(17)	—	(18)
Materials and services sourcing	4	4	—	8
Depreciation	(1)	(2)	—	(3)
Foreign currency	94	34	—	128
Three months ended March 31, 2015	\$ (996)	\$ (664)	\$ 76	\$ (1,584)

	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
Gross Profit				
Three months ended March 31, 2014	\$ 148	\$ 125	\$ —	\$ 273
External sales volumes / mix	19	10	—	29
Inter-segment sales volumes	—	—	—	—
Customer pricing	(7)	3	—	(4)
Productivity, net of inflation	(3)	1	—	(2)
Project costs / strategic initiatives	(1)	(17)	—	(18)
Materials and services sourcing	4	4	—	8
Depreciation	(1)	(2)	—	(3)
Foreign currency	(17)	(15)	—	(32)
Three months ended March 31, 2015	\$ 142	\$ 109	\$ —	\$ 251

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	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
Operational EBITDA				
Three months ended March 31, 2014	\$ 117	\$ 52	\$ —	\$ 169
External sales volumes / mix	21	2	—	23
Customer pricing	(7)	3	—	(4)
Productivity, net of inflation	(5)	(5)	—	(10)
Project costs / strategic initiatives	(2)	(27)	—	(29)
Sourcing, cost of products sold	4	4	—	8
Sourcing, SG&A	—	1	—	1
Equity earnings in non-consolidated affiliates	(1)	1	—	—
Foreign currency	(15)	(8)	—	(23)
Other	(2)	7	—	5
Three months ended March 31, 2015	<u>\$ 110</u>	<u>\$ 30</u>	<u>\$ —</u>	<u>\$ 140</u>
Depreciation and amortization				(83)
Interest expense, net				(35)
Restructuring expense				(12)
Loss on sale of equity method investment				(11)
Acquisition related costs				(4)
Legal separation costs				(1)
Adjustment of assets to fair value				5
Stock appreciation rights				1
Income tax expense				(11)
Other				1
Net loss				<u>\$ (10)</u>

Powertrain

Sales were \$1,138 million for the three months ended March 31, 2015 and for the same period of 2014. The Powertrain division generated approximately 70% of its sales outside of the United States and the resulting currency movements decreased sales by approximately \$111 million. Therefore, on a constant dollar basis, external sales increased 12% compared to Q1 2014. The increase in Powertrain's sales reflects the inclusion of the acquisition of certain assets of the TRW engine components business, which closed on February 6, 2015, as well as increases in volume and market share gains which together, increased sales by \$113 million. This includes the impact of customer price decreases of \$7 million. When excluding the impact of sales from the acquisition of certain assets of the TRW engine components business, sales in North America increased by 4%, while light vehicle production and commercial vehicle production increased by 1% and 18%, respectively. In EMEA, sales increased by 4% compared to flat light vehicle production and a 2% increase in commercial vehicle production. Revenue in ROW increased by 4% compared to an increase in light vehicle production of 2% and a decrease in commercial vehicle production of 9%. When taking into account Powertrain's regional and market mix, its sales therefore grew in excess of underlying market demand.

The increase in gross profit from higher sales and materials and services sourcing savings was offset by negative exchange impacts, customer price reductions and negative productivity. Gross margin percentage decreased slightly from 13.0% in 2014 to 12.5% of sales for the three months ended March 31, 2015 primarily due to the negative impact from currency changes and customer price reductions.

Operational EBITDA decreased by \$7 million to \$110 million or 9.7% of sales for the three months ended March 31, 2015 from \$117 million or 10.3% of sales in the same period of 2014 primarily due to lower gross profit.

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Motorparts

Sales increased by \$53 million, or 7%, to \$773 million for the three months ended March 31, 2015 from \$720 million in the same period of 2014. Excluding the unfavorable currency impact of \$49 million, sales increased by \$102 million or 15%, on a constant dollar basis. This increase was primarily related to the Affinia chassis and the Honeywell brake component acquisitions, net of the loss of sales from the divestitures of two facilities in the quarter. This was partially offset by lower sales in the North American aftermarket due to distribution center consolidation and related IT implementation inefficiencies in the first part of the quarter. On a comparable basis, excluding exchange and the Honeywell acquisition, sales in EMEA were relatively flat compared to Q1 2014 notwithstanding continued weakness in Eastern Europe. Aftermarket sales in Western Europe, excluding the impact of exchange, were up by approximately 3%. In ROW, sales increased by 37% due to the Honeywell acquisition as well as continued growth in the China and India aftermarket business from both product line and customer expansion in the region.

Gross profit decreased by \$16 million to \$109 million driven by integration costs and costs related to strategic initiatives, as well as unfavorable foreign currency. These decreases were partially offset by increases from sales volume and sourcing savings. The gross margin percentage decreased to 14.1% of sales for the three months ended March 31, 2015 from 17.4% of sales in the same period of 2014. In addition to the decline in gross profit, the gross margin percentage was negatively impacted primarily by \$17 million of costs in cost of products sold, incurred for strategic initiatives. Additional items negatively impacting gross margin is the unfavorable mix of products sold, including the Honeywell brake component business which is operating with a lower gross margin percentage than the Company's existing business.

Operational EBITDA decreased by \$22 million to \$30 million for the three months ended March 31, 2015 from \$52 million in the same period of 2014. The decrease in Operational EBITDA is driven by higher costs related to strategic initiatives and the integration of the Honeywell and Affinia acquisitions as well as the negative impact from currency changes. These increases were partially offset by the gain on the sale of a closed facility during the quarter.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") were \$203 million, or 11.1% of net sales, for the three months ended March 31, 2015 as compared to \$181 million, or 10.2% of net sales, for the same period of 2014. The increase in costs is primarily attributable to the addition of SG&A expenses associated with the Affinia chassis business acquisition and the Honeywell friction business acquisition. SG&A expenses also included \$10 million of costs for strategic initiatives in the Motorparts division and the integration of the Affinia chassis business acquisition and the Honeywell friction business acquisition.

The Company maintains technical centers throughout the world designed to integrate the Company's leading technologies into advanced products and processes, to provide engineering support for all of the Company's manufacturing sites, and to provide technological expertise in engineering and design development providing solutions for customers and bringing new, innovative products to market. Included in SG&A were research and development ("R&D") costs, including product and validation costs, of \$51 million and \$47 million for the three months ended March 31, 2015 and 2014, respectively.

Interest Expense, Net

Net interest expense was \$35 million for the three months ended March 31, 2015 compared to \$22 million for the same period of 2014. This increase is primarily attributable to higher rates following the refinancing of the Company's term loans in April 2014 and increased borrowings under the Replacement Revolving Facility, offset by lower amortization costs.

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Restructuring Activities

The following is a summary of the Company's consolidated restructuring liabilities and related activity as of and for three months ended March 31, 2015:

	Powertrain	Motorparts	Total Reporting Segment	Corporate	Total Company
(Millions of Dollars)					
Balance at December 31, 2014	\$ 36	\$ 16	\$ 52	\$ 1	\$ 53
Provisions	6	6	12	—	12
Payments	(10)	(5)	(15)	(1)	(16)
Acquisitions	2	—	2	—	2
Foreign Currency	(3)	(1)	(4)	—	(4)
Balance at March 31, 2015	<u>\$ 31</u>	<u>\$ 16</u>	<u>\$ 47</u>	<u>\$ —</u>	<u>\$ 47</u>

In February 2013, the Company's Board of Directors approved evaluation of restructuring opportunities in order to improve operating performance. As such, the Company has initiated several programs and will continue to evaluate alternatives to align its business with executive management's strategy.

During the first quarter of 2015, certain claims for additional severance were brought against the Company related to one of its restructuring activities. While the Company has recorded its best estimate, the cost associated with those actions could increase; however, the Company does not expect the incremental costs to exceed \$10 million.

Other Income (Expense), Net

The specific components of "Other income (expense), net" are as follows:

	Three Months Ended March 31	
	2015	2014
(Millions of Dollars)		
Loss on sale of equity method investment	\$ (11)	\$ —
Adjustment of assets to fair value	5	(1)
Gain on sale of assets	4	—
Third-party royalty income	2	2
Legal separation costs	(2)	—
Foreign currency exchange	1	(3)
Losses on sales of account receivables	(2)	(2)
Other	5	(2)
	<u>\$ 2</u>	<u>\$ (6)</u>

Loss on sale of equity method investment: During the three months ended March 31, 2015 the Company recognized an \$11 million loss on the disposition of an equity method investment as discussed in Note 9, *Investment in Non-consolidated Affiliates* in Part I, Item 1 of this report.

Income Taxes

For the three months ended March 31, 2015, the Company recorded income tax expense of \$11 million on income from operations before income taxes of \$1 million. This compares to income tax expense of \$17 million on income from operations before income taxes of \$58 million in the same period of 2014. Income tax expense for the three months ended March 31, 2015 differs from the U.S. statutory rate due primarily to pre-tax losses with no tax benefits. The income tax expense for the three months ended March

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31, 2014 differs from the U.S. statutory rate due primarily to pre-tax income taxed at rates lower than the U.S. statutory rate and income in jurisdictions with no tax expense due to offsetting valuation allowance changes, partially offset by pre-tax losses with no tax benefits.

On July 11, 2013, the Company became part of an affiliated group of corporations as defined in Section 1504 of the Internal Revenue Code of 1986, as amended, of which American Entertainment Properties Corp. ("AEP"), a wholly owned subsidiary of Icahn Enterprises, is the common parent. The Company subsequently entered into a Tax Allocation Agreement (the "Tax Allocation Agreement") with AEP. Pursuant to the Tax Allocation Agreement, AEP and the Company have agreed to the allocation of certain income tax items. The Company will join AEP in the filing of AEP's federal consolidated return and certain state consolidated returns. In those jurisdictions where the Company is filing consolidated returns with AEP, the Company will pay to AEP any tax it would have owed had it continued to file separately. To the extent that the AEP consolidated group is able to reduce its tax liability as a result of including the Company in its consolidated group, AEP will pay the Company an amount equal to 20% of such reduction and the Company will carryforward for its own use under the Tax Allocation Agreement 80% of the items that caused the tax reduction (the "Excess Tax Benefits"). While a member of the AEP affiliated group the Company will reduce the amounts it would otherwise owe AEP by the Excess Tax Benefits. Moreover, if the Company should ever become deconsolidated from AEP, AEP will reimburse the Company for any tax liability in post-deconsolidation years the Company would not have paid had it actually had the Excess Tax Benefits for its own use. The cumulative payments to the Company by AEP post-deconsolidation cannot exceed the cumulative reductions in tax to the AEP group resulting from its use of the Excess Tax Benefits. Separate return methodology will be used in determining income taxes.

Litigation and Environmental Contingencies

For a summary of material litigation and environmental contingencies, refer to Note 14, *Commitments and Contingencies*, of the consolidated financial statements.

Liquidity and Capital Resources

Cash Flow

As summarized in the table below, net cash (used by) provided from operating activities was \$(99) million and \$17 million for the three months ended March 31, 2015 and 2014, respectively.

	Three Months Ended	
	March 31	
	2015	2014
	(Millions of Dollars)	
Operational cash flow before changes in operating assets and liabilities	\$ 54	\$ 87
Changes in operating assets and liabilities:		
Accounts receivable	(129)	(105)
Inventories	(101)	(28)
Accounts payable	108	83
Other assets and liabilities	(31)	(20)
Total change in operating assets and liabilities	(153)	(70)
Net Cash (Used by) Provided From Operating Activities	<u>\$ (99)</u>	<u>\$ 17</u>

Operating cash flow before changes in operating assets and liabilities

Cash flow from operations before changes in operating assets and liabilities was \$54 million for three months ended March 31, 2015 compared to \$87 million for the comparable period of 2014. The decrease is driven by lower earnings in 2015 compared to 2014. Operational EBITDA decreased by \$29 million to \$140 million for three months ended March 31, 2015 compared to \$169 million in 2014.

Cash (outflow) from changes in operating assets and liabilities

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Cash (outflow) from changes in operating assets and liabilities was \$153 million for three months ended March 31, 2015 compared to \$70 million for the comparable period of 2014.

The net increase in working capital for the three months ended March 31, 2015 as compared to 2014 reflects two items; the acquisition of certain assets of the TRW engine components business contributed about \$40 million of this increase, with most of the balance of the increase being due to increased inventory in the Motorparts division for the new distribution centers.

Investing Activities

Cash flow used by investing activities was \$390 million for the three months ended March 31, 2015 compared to \$117 million for the comparable period of 2014.

Capital expenditures were \$108 million and \$96 million for the three months ended March 31, 2015 and 2014, respectively. The increase in capital expenditures between the two periods is in the Motorparts division and reflects the ongoing investment in its strategic initiatives, principally in the new distribution centers during the quarter.

During the three months ended March 31, 2015, there was a payment of \$305 million, net of acquired cash, to purchase certain assets of the TRW engine components business.

During the three months ended March 31, 2014, there were \$25 million of payments, net of acquired cash, to acquire businesses, which included \$15 million to acquire the DZV bearings business and other investments of \$10 million. The Company assumed \$10 million of pre-existing debt associated with the DZV bearings business acquisition.

Financing Activities

Cash flow provided by financing activities was \$464 million for the three months ended March 31, 2015 compared to cash flow used by financing activities of \$8 million for the comparable period of 2014. This includes \$215 million net borrowings on the revolver primarily for the acquisition of certain assets of the TRW engine components business. The other major item was \$250 million cash inflow associated with the Company's common stock rights offering in which approximately 19 million shares of the Company's common stock were issued in March 2015.

On April 15, 2014, Federal-Mogul Holdings Corporation entered into a new tranche B term loan facility (the "New Tranche B Facility") and a new tranche C term loan facility (the "New Tranche C Facility," and together with the New Tranche B Facility, the "New Term Facilities"), which were arranged by Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC (the "Term Arrangers"), and assumed all of the obligations of Federal-Mogul Corporation with respect to the Replacement Revolving Facility under the Credit Agreement (both defined below). The New Term Facilities were entered into, and the Replacement Revolving Facility was assumed, by Federal-Mogul Holdings Corporation pursuant to an amendment dated as of April 15, 2014 to the previously existing Term Loan and Revolving Credit Agreement dated December 27, 2007 among Federal-Mogul Corporation, the lenders party thereto, the Term Arrangers, Citibank, N.A., as Revolving Administrative Agent, Citibank, N.A., as Tranche B Term Administrative Agent, Credit Suisse AG, as Tranche C Term Administrative Agent, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Wells Fargo Bank, N.A., as Joint Lead Arrangers and Joint Bookrunners with respect to the Revolving Facility and Wells Fargo Bank, N.A., as sole Documentation Agent with respect to the Revolving Facility (as amended, the "Credit Agreement").

Immediately following the closing of the New Term Facilities, Federal-Mogul Holdings Corporation contributed all of the net proceeds from the New Facilities to Federal-Mogul Corporation, and Federal-Mogul Corporation repaid its existing outstanding indebtedness as a borrower under the tranche B and tranche C term loan facilities.

In accordance with FASB ASC Topic No. 405, Extinguishments of Liabilities, the Company recognized a \$24 million non-cash loss on the extinguishment of debt attributable to the write-off of the unamortized fair value adjustment and unamortized debt issuance costs which is recorded in the line item "Loss on Debt Extinguishment" in the Company's Condensed Consolidated Statements of Operations.

The New Term Facilities, among other things, (i) provides for aggregate commitments under the New Tranche B Facility of \$700 million with a maturity date of April 15, 2018, (ii) provides for aggregate commitments under the New Tranche C Facility of \$1.9 billion with a maturity date of April 15, 2021, (iii) increases the interest rates applicable to the New Facilities as described below, (iv) provides that for all outstanding letters of credit there is a corresponding decrease in borrowings available under the Replacement Revolving Facility, (v) provides that in the event that as of a particular determination date more than \$700 million aggregate principal amount of existing term loans and certain related refinancing indebtedness will become due within 91 days of such determination date, the Replacement Revolving Facility will mature on such determination date, (vi) provides for additional incremental indebtedness, secured on a pari passu basis, of an unlimited amount of additional indebtedness if the Company meets

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a financial covenant incurrence test, and (vii) amends certain other restrictive covenants. Pursuant to the New Term Facilities, Federal-Mogul Holdings Corporation assumed all of the obligations of Federal-Mogul Corporation with respect to the Replacement Revolving Facility under the Credit Agreement.

Advances under the New Tranche B Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate plus a margin of 2.00% or (ii) the Adjusted LIBOR Rate plus a margin of 3.00%, subject, in each case, to a floor of 1.00%. Advances under the New Tranche C Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate plus a margin of 2.75% or (ii) the Adjusted LIBOR Rate plus a margin of 3.75%, subject, in each case, to a minimum rate of 1.00% plus the applicable margin.

On December 6, 2013, the Company entered into an amendment (the “Replacement Revolving Facility”) of its Term Loan and Revolving Credit Agreement dated as of December 27, 2007 (as amended, the “Credit Agreement”), among the Company, the lenders party thereto, Citicorp USA, Inc., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Wachovia Capital Finance Corporation and Wells Fargo Foothill, LLC, as Co-Documentation Agents, to amend its existing revolving credit facility to provide for a replacement revolving credit facility (the “Replacement Revolving Facility”). The Replacement Revolving Facility, among other things, (i) increased the aggregate commitments available under the Replacement Revolving Facility from \$540 million to \$550 million, (ii) extended the maturity date of the Replacement Revolving Facility to December 6, 2018, subject to certain limited exceptions described below, and (iii) amended the Company’s borrowing base to provide the Company with additional liquidity.

Advances under the Replacement Revolving Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate (as defined in the Credit Agreement) plus an adjustable margin of 0.50% to 1.00% based on the average monthly availability under the Replacement Revolving Facility or (ii) Adjusted LIBOR Rate (as defined in the Credit Agreement) plus a margin of 1.50% to 2.00% based on the average monthly availability under the Replacement Revolving Facility. An unused commitment fee of 0.375% also is payable under the terms of the Replacement Revolving Facility.

The Company’s ability to obtain cash adequate to fund its needs depends generally on the results of its operations, restructuring initiatives, and the availability of financing. Management believes that cash on hand, cash flow from operations, and available borrowings under its New Facilities and its Replacement Revolving Facility will be sufficient to fund capital expenditures and meet its operating obligations through the end of 2015. In the longer term, the Company believes that its base operating potential, supplemented by the benefits from its announced restructuring programs, will provide adequate long-term cash flows. However, there can be no assurance that such initiatives are achievable in this regard.

Off Balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements.

Other Liquidity and Capital Resource Items

Federal-Mogul subsidiaries in Brazil, France, Germany, Italy and the United States are party to accounts receivable factoring and securitization facilities. Amounts factored under these facilities consist of the following:

	March 31	December 31
	2015	2014
	(Millions of Dollars)	
Gross accounts receivable factored	\$ 326	\$ 306
Gross accounts receivable factored, qualifying as sales	308	293
Undrawn cash on factored accounts receivable	2	2

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Proceeds from the factoring of accounts receivable qualifying as sales and expenses associated with the factoring of receivables are as follows:

	Three Months Ended	
	March 31	
	2015	2014
	(Millions of Dollars)	
Proceeds from factoring qualifying as sales	\$ 390	\$ 410
Losses on sales of account receivables	(2)	(2)

Certain of the facilities contain terms that require the Company to share in the credit risk of the factored receivables. The maximum exposures to the Company associated with these certain facilities' terms were \$19 million and \$17 million as of March 31, 2015 and December 31, 2014, respectively. The fair values of the exposures to the Company associated with these certain facilities' terms were determined to be immaterial.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to the information concerning the Company's exposures to market risk as stated in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. Refer to Note 5, *Financial Instruments*, to the consolidated financial statements for information with respect to interest rate risk, commodity price risk and foreign currency risk.

The translated values of revenue and expense from the Company's international operations are subject to fluctuations due to changes in currency exchange rates. During the three months ended March 31, 2015, the Company derived 36% of its sales in the United States and 64% internationally. Of these international sales, 56% are denominated in the euro, with no other single currency representing more than 11%. To minimize foreign currency risk, the Company generally maintains natural hedges within its non-U.S. activities, including the matching of operational revenues and costs. Where natural hedges are not in place, the Company manages certain aspects of its foreign currency activities and larger transactions through the use of foreign currency options or forward contracts. The Company estimates that a hypothetical 10% adverse movement of all foreign currencies in the same direction against the U.S. dollar over the three months ended March 31, 2015 would have decreased "Net income attributable to Federal-Mogul" by approximately \$3 million.

ITEM 4. CONTROLS AND PROCEDURES

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's periodic Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Co-Chief Executive Officers and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of March 31, 2015, an evaluation was performed under the supervision and with the participation of the Company's management, including the Co-Chief Executive Officers and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Co-Chief Executive Officers and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2015, at the reasonable assurance level previously described.

Changes to Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the U.S. Securities Exchange Act of 1934. As of March 31, 2015, the Company's management, with the participation of the Co-Chief Executive Officers and the Chief Financial Officer, has evaluated for disclosure, changes to the Company's internal control over financial reporting that occurred during the fiscal three months ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. There were no material changes in the Company's internal control over financial reporting during the three months ended March 31, 2015.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

(a) Contingencies.

Note 14, *Commitments and Contingencies*, that is included in Part I of this report, is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 6. EXHIBITS

(a) Exhibits:

- 2.1 Agreement and Plan of Merger, dated April 14, 2014, by and among Federal-Mogul Corporation, Federal-Mogul Holdings Corporation, Federal-Mogul MergerCo Inc. and Federal-Mogul Holding Sweden AB. (Incorporated by Reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated April 14, 2014 and filed with the Securities and Exchange Commission on April 16, 2014).
 - 2.2 Asset Purchase Agreement, dated as of January 21, 2014, between Affinia Group Inc. and VCS Quest Acquisition LLC (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated January 21, 2014 and filed with the Securities and Exchange Commission on January 22, 2014).
 - 2.3 Amended and Restated Stock and Asset Purchase Agreement dated as of January 7, 2014 by and among Honeywell International Inc., Platin 966. GmbH and Saxid SAS (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated July 9, 2014 and filed with the Securities and Exchange Commission on July 15, 2014).
 - 3.1 Certificate of Incorporation of Federal-Mogul Holdings Corporation (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated April 14, 2014 and filed with the Securities and Exchange Commission on April 16, 2014).
 - 3.2 Bylaws of Federal-Mogul Holdings Corporation (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated April 14, 2014 and filed with the Securities and Exchange Commission on April 16, 2014).
 - * 10.1 Federal-Mogul Powertrain 2015 Management Incentive Plan (MIP). †
 - * 10.2 Federal-Mogul Motorparts 2015 Management Incentive Plan (MIP). †
 - * 10.3 Federal-Mogul Powertrain 2015-2017 EVA Award Agreement. †
 - * 10.4 Federal-Mogul Motorparts 2015 Performance Award Agreement. †
 - * 10.5 Employment agreement by and between Federal-Mogul Motorparts and Martin Hendricks dated as of July 24, 2014 and amended employment agreement by and between Federal-Mogul Motorparts and Martin Hendricks dated as of January 14, 2015. †
 - * 31.1 Certification by Daniel A. Ninivaggi, Co-Chief Executive Officer, Federal-Mogul Holdings Corporation, and Chief Executive Officer, Motorparts, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
 - * 31.2 Certification by Rainer Jueckstock, Co-Chief Executive Officer, Federal-Mogul Holdings Corporation, and Chief Executive Officer, Powertrain, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
 - * 31.3 Certification by Rajesh Shah, Chief Financial Officer, Federal-Mogul Holdings Corporation, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
 - * 32 Certification by the Company's Co-Chief Executive Officers and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, and Rule 13a-14(b) of the Securities Exchange Act of 1934.
 - * 101.INS XBRL Instance Document
 - * 101.SCH XBRL Taxonomy Extension Schema Document
 - * 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
 - * 101.LAB XBRL Taxonomy Extension Label Linkbase Document
 - * 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document
 - * 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
 - * Filed Herewith
 - † Management contracts and compensatory plans or arrangements.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FEDERAL-MOGUL HOLDINGS CORPORATION

By: _____ /s/ Rajesh Shah

Rajesh Shah
Senior Vice President and Chief Financial Officer
Principal Financial Officer

By: _____ /s/ Jérôme Rouquet

Jérôme Rouquet
Senior Vice President, Controller, and Chief Accounting Officer
Principal Accounting Officer

Dated: April 29, 2015

Federal-Mogul Powertrain Management Incentive Plan
for Fiscal Year 2015

I. PURPOSE

The Federal-Mogul Powertrain Management Incentive Plan (the "Plan") has been established for Fiscal Year 2015 for those Participants defined under Section III below.

The purpose of this Plan is to provide additional compensation to Participants for their contribution to the achievement of the objectives of the Company, encouraging and stimulating superior performance by such individuals, and assisting in attracting and retaining highly qualified key employees.

II. DEFINITIONS

- A. Base Salary equals the base annual salary for each Participant, effective as of January 1, 2015. If a Participant's Base Salary changes during the year, the Base Salary used to calculate the Bonus under this Plan will be prorated for the portion of the year each Base Salary was in effect based on a 12-month year. For the avoidance of doubt, Base Salary shall be determined before reductions for contributions (if any) under Code Section 401(k), and shall not include, without limitation and to the extent applicable, (i) any Financial Award under the Plan; (ii) variable compensation such as incentive awards, commissions or spot bonuses, if any; (iii) imputed income from such programs as life insurance, auto allowance, or non-recurring earnings such as moving or relocation expenses, allowances or perquisites, or reimbursed business expenses; (iv) long-term incentive compensation (including stock or stock-equivalent awards, if any); or (v) overtime, unless required to be included in Base Salary for purposes of the Plan in accordance with applicable law.
- B. Chief Executive Officer means the Chief Executive Officer of Federal-Mogul, Powertrain.
- C. Chief Financial Officer means the Chief Financial Officer of Federal-Mogul, Powertrain.
- D. Senior Vice President, Human Resources means the Senior Vice President of Human Resources, Federal-Mogul, Powertrain.
- E. Code means the Internal Revenue Code of 1986, as amended.
- F. Company means Federal-Mogul Powertrain and its subsidiaries and its successors and assigns.
- G. Compensation Committee means the Compensation Committee of the Board of Directors of the Company.
- H. Financial Awards mean the awards that Participants may earn pursuant to the Plan.
- I. Fiscal Year means the Company's Fiscal Year beginning January 1, 2015 and ending December 31, 2015.
- J. Plan means the Federal-Mogul Powertrain Management Incentive Plan, as from time to time amended.

III. EMPLOYEES COVERED BY THIS PLAN

Participating employees of the Company selected to participate in the Plan shall be subject to the review and approval by the Compensation Committee (each a "Participant"). If a Participant vacates a listed position, the employee selected as the replacement would be eligible to participate in the Plan pro-rata for the months in the position, subject to approval by the Chief Executive Officer (except that, in the case of Participants who are executive officers, subject to the approval by the Compensation Committee in its sole discretion). Notwithstanding the foregoing, no Participant shall be eligible to participate in the Plan unless he or she has returned to the Company an executed Integrity Policy Agreement and Confidentiality Agreement, and acknowledged its understanding and acceptance of the Company's policies consistent with the Company practices and procedures.

In order to receive a payout under the Plan, on the actual bonus payout date, a Participant must be in good standing and not on a performance improvement plan or in corrective action status as a result of poor performance during the Fiscal Year.

IV. FINANCIAL AWARD

Computation of a Participant’s Financial Award is described in Appendix A.

A Participant in the Plan shall be entitled to a Financial Award computed as the product of:

Participant’s Base Salary	X	Target Bonus Percentage	X	Financial & Operational Performance as a % of Performance Target	=	Participant’s Financial Award (“Bonus”)
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- A. “Participant’s Base Salary” shall be the Base Salary (as defined in Section II) of a Participant.
- B. “Target Bonus Percentage” that is selected for each Participant shall be subject to the review and approval by the Compensation Committee.
- C. “Financial and Operational Performance as a % of Performance Target” shall be determined in the manner set forth in Exhibit A based on the attainment of both the financial and operational targets for the Fiscal Year. The financial and operational targets shall be the attainment by the Company and business units in the Fiscal Year of a.) an Adjusted EBITDA target; b.) the budgeted total revenue target; c.) operational targets tied to health and safety, customer service and quality; and d.) individual performance assessment of each bonus-eligible employee.

V. FINANCIAL AND OPERATIONAL PERFORMANCE TARGETS AND PAYOUT RANGES

The financial performance target and payout ranges used under this Plan in the Fiscal Year have been approved by the Compensation Committee based on the annual business plan and are set forth in Exhibit A. The payout percentage for the performance target will be based on the level of attainment as set forth in Exhibit A. For purposes of the Plan (including, without limitation, Exhibit A), “Adjusted EBITDA” shall mean operating income including joint venture earnings (or loss) and other income (or loss), adjusted to exclude stock based compensation expense (or income), and before interest, taxes, depreciation, and amortization.

At any time prior to the final determination of awards, the Compensation Committee may, in its sole discretion, increase, decrease, or otherwise adjust performance measures, targets, and payout ranges used hereunder, as a result of extraordinary or non-recurring events, changes in applicable accounting rules or principles, changes in the Company’s methods of accounting, changes in applicable law, changes due to consolidations, acquisitions, or reorganizations affecting the Company and its subsidiaries and affiliates, or other similar changes in the Company’s business.

VI. COMPUTATION AND DISBURSEMENT OF FUNDS

As soon as practicable after the close of the Fiscal Year and approval of the Company’s annual financial statements, the Chief Financial Officer and the Senior Vice President of Human Resources shall calculate the applicable financial and operating performance measures under the Plan. The Senior Vice President of Human Resources shall then calculate the proposed payout under the Plan based upon the proposed achievement of the financial and operating performance measures. The proposed payout shall be verified by the Chief Executive Officer and presented to the Compensation Committee for review and final approval. Once approved, payment of the Financial Awards shall be made within 30 days after completion of the annual audit, but not later than March 15th of the calendar year following the fiscal year for which the award is earned. Any determination by the Compensation Committee made under this paragraph shall be final and binding on all parties.

Each Participant shall be liable for any and all federal, state, provincial, local or foreign taxes, pension plan contributions, employment insurance premiums, social insurance contributions, amounts payable to a governmental and/or regulatory body in the Participant’s country and other levies of any kind required by applicable laws to be deducted or withheld with respect to the awards granted pursuant to the Plan (collectively, the “Withholding Taxes”). The Company and its subsidiaries shall have the right to deduct and withhold all required Withholding Taxes from any payment or other consideration deliverable to the Participant.

VII. PRORATION OF FINANCIAL AWARDS

Any Participant who is not employed with the Company in a Bonus-eligible position on or prior to October 1, 2015 shall not be eligible to receive a Financial Award for the Fiscal Year, except as otherwise provided by the Chief Executive Officer or, in the case of the Chief Executive Officer and executives at the level of Vice President or above, by the Compensation Committee. Any Participant who is eligible for a Financial Award but who did not serve in a Bonus-eligible position during the entire 2015 Fiscal Year will be eligible to receive a pro-rated Bonus payment based on the amount of time such eligible Participant was actively and continuously employed in an eligible position during the Fiscal Year.

- *New Hires and Rehires* - The Financial Award will be prorated based upon the number of full months the Participant was employed during the Fiscal Year. For example, a Participant initially hired on July 1st would be eligible for 50% of the annual Financial Award. In the case of rehires, there is no credit for prior service and the rehire date must occur prior to October 1st in order for the Participant to be Bonus-eligible under the Plan for the Fiscal Year.
- *Leaves of Absence* - Time taken during a leave of absence (including disability leave) is not credited toward eligibility for a Financial Award; therefore, awards will be prorated for the length of time on leave of absence. Furthermore, payments of Financial Awards are not considered earned and payable unless and until the Participant returns to work, with the exception of military leave. If the leave of absence lasts nine months or more during the Fiscal Year, the Participant will not have met the three-month eligibility required to earn a Bonus for that Fiscal Year.
- *Promotions and Demotions* - If the action results in a movement from one Bonus-eligible position to another Bonus-eligible position (with either a higher or lower Bonus target) a prorated Financial Award will be calculated. The Financial Award will be calculated separately by factoring the time in each Bonus-eligible position by the corresponding Bonus target and Base Salary during the Participant's tenure in each position. However, if a Participant is both promoted and later demoted during the Fiscal Year, the Participant's entire Bonus eligibility and Bonus target percent will be determined by the lower position.
- *Status Change*
 - *Change in employment status* - The Financial Award is not payable unless the Participant has occupied a Bonus-eligible position for at least three months during the Fiscal Year on a full-time basis (i.e., 40-hour or more per week), unless specifically approved by the company's CEO, and meets all eligibility criteria during the last full quarter of the Fiscal Year, i.e., from October 1st through December 31st. The Financial Award will be based upon the Base Salary and the annual Bonus target while in the Bonus-eligible position.
 - *Bonus-eligible position to a non-Bonus eligible position* - The Financial Award will be prorated based upon the time in a Bonus-eligible position as long as the Participant was in the position for a minimum of three months during the Fiscal Year. A Participant must occupy a Bonus-eligible position prior to October 1st in order to be eligible to receive a Bonus payment for the Fiscal Year. The Financial Award will be based upon the Base Salary and the annual Bonus target while in the Bonus-eligible position.
 - *Non-Bonus-eligible position to a Bonus-eligible position* - The Financial Award will be prorated based on the time worked, the corresponding Bonus target, and the Base Salary in effect while in the Bonus-eligible position as long as the Participant was in the eligible position for a minimum of three months during the Fiscal Year. A Participant must move into the Bonus-eligible position prior to October 1st in order to be eligible to receive a Bonus payment for the Fiscal Year.

VIII. FORFEITURE / RECOUPMENT OF FINANCIAL AWARDS

Financial Awards are not considered earned until they are approved by the Compensation Committee and are actually paid by the Company. Consequently, a Participant whose employment with the Company is voluntarily or involuntarily terminated prior to the actual Financial Award payment date will be ineligible for payment of the Financial Award, except as otherwise provided by the Chief Executive Officer or, in the case of the Chief Executive

Officer and executives at the level of Vice President or above, by the Compensation Committee, in its sole and absolute discretion, in which case any such Financial Award to the terminated employee shall be paid at the time Financial Awards are paid to active employees pursuant to Section VII above.

If the Compensation Committee, in its sole and absolute discretion, determines that (i) there has been misconduct or a gross dereliction of duty resulting in either a violation of law or Company policy or procedures, that, in either case, causes significant financial or reputational harm to the Company (or any of its affiliates), and that a Participant committed the misconduct/ gross dereliction of duty, or failed in his or her responsibility to manage or monitor the applicable conduct or risk; (ii) a conduct of a Participant involves an immoral act which is reasonably likely to impair the reputation of the Company (or any of its affiliates); (iii) a Participant committed, or was indicted for, a felony or any crime involving fraud or embezzlement or dishonesty or was convicted of, or entered a plea of *nolo contendere* to a misdemeanor (other than a traffic violation) punishable by imprisonment under federal, state or local law; (iv) a Participant violated any securities or employment laws or regulations; (v) a Participant materially breached the Integrity Policy Agreement and/or the Confidentiality Agreement; or (vi) a Participant embezzled and/or misappropriated any property of the Company (or any of its affiliates) or committed any act involving fraud with respect to the Company (or any of its affiliates), then, to the extent not prohibited by applicable law, the Compensation Committee, in its sole and absolute discretion, may seek reimbursement from such Participant (and such Participant shall be obligated to repay) all or any portion of any payments made to such Participant in respect of the Financial Award; provided, however, that the Compensation Committee may only seek such reimbursement in respect of payments of the Financial Award made to a Participant within the three-year period preceding the date that the Compensation Committee makes a determination that there has been misconduct or a gross dereliction of duty.

If the Compensation Committee determines, in its sole and absolute discretion, that calculations underlying the performance measures and targets, including but not limited to mistakes in the Company's financial statements for the Fiscal Year, were incorrect, then the Compensation Committee may, in its sole and absolute discretion, seek to recover the amount of any payment made to Participants that exceeded the amount that would have been paid based on the corrected calculations; provided, however, that the Compensation Committee may only seek to recover such amounts within the three-year period preceding the date that the Compensation Committee makes a determination that the calculations were incorrect.

To the extent not prohibited by applicable law, if a Participant is an officer of the Company, or, if applicable, has otherwise been designated by the Board of Directors as an "officer" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, the Board of Directors shall seek reimbursement of any payment made to such Participant in respect of the Financial Award in the event of a restatement of the Company's (or any of its subsidiaries') financial results (occurring due to material noncompliance with any financial reporting requirements under applicable securities laws) that reduced a previously granted payment made to such Participant in respect of the Financial Award. In that event, the Compensation Committee may, in its sole and absolute discretion, seek to recover the amount of any such payment made to the Participant that exceeded the amount that would have been paid based on the restated financial results.

If the Company subsequently determines that it is required by law to apply a "clawback" or alternate recoupment provision to the Financial Award, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or recoupment provision also shall apply to such Financial Award, as if it had been included on the effective date of this Plan.

To the extent not prohibited under applicable law, the Company, in its sole and absolute discretion, will have the right to set off (or cause to be set off) any amounts otherwise due to a Participant from the Company in satisfaction of any repayment obligation of such Participant hereunder, provided that any such amounts are exempt from, or set off in a manner intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.

For the avoidance of doubt, the Company's rights under this Section IX shall apply to Participants, without regard to whether any such Participant is currently providing, or previously provided, services to the Company as an employee.

IX. ADMINISTRATION

This Plan shall be administered by the Senior Vice President of Human Resources, subject to the control and supervision of the Chief Executive Officer and the Compensation Committee. In the event of a claim or dispute brought forth by a Participant (other than the Chief Executive Officer), the decision of the Chief Executive Officer as to the facts in the case and the meaning and intent of any provision of the Plan, or its application, shall be final,

binding, and conclusive. In the event of a claim or dispute brought forth by the Chief Executive Officer, the decision of the Compensation Committee as to the facts in the case and the meaning and intent of any provision of the Plan, or its application, shall be final, binding, and conclusive.

X. NO EMPLOYMENT CONTRACT; FUTURE PLANS

Participation in this Plan shall not confer upon any Participant any right to continue in the employ of the Company nor interfere in any way with the right of the Company to terminate any Participant's employment at any time. The Company is under no obligation to continue the Plan in future years. Participation in this Plan shall also supersede and eliminate any incentive bonus plan or other contractual bonus arrangement (including, without limitation, any sales commission, safety incentive, personal incentives and project incentives) that the Participant has or may have had by contract or otherwise, except as may be expressly provided in the acceptance document that such Participant executes.

XI. AMENDMENT OR TERMINATION

The Compensation Committee may at any time, or from time to time, in its sole and absolute discretion, (a) amend, alter or modify the provisions of this Plan, (b) terminate this Plan, or (c) terminate the participation of an employee or group of employees in this Plan; provided, however, that in the event of the termination of this Plan or a termination of participation, the Compensation Committee may determine that a prorated award is payable to employees who were Participants in this Plan under such terms and conditions as established by the Compensation Committee in its sole and absolute discretion.

XII. GENERAL PROVISIONS

- A. No rights of the Participants under this Plan shall be transferable or assignable by a Participant, either voluntarily or involuntarily by way of encumbrance, pledge, attachment, levy or charge of any nature (except as may be required by state or federal law).
- B. Nothing in the Plan shall require the Company to segregate or set aside any funds or other property for the purpose of paying any portion of an award. No Participant, beneficiary or other person shall have any right, title or interest in any amount awarded under the Plan prior to the payment of such award to him or her. A Participant's rights to a Financial Award under this Plan are no greater than those of unsecured general creditors of the Company.
- C. By participating in the Plan, each Participant hereunder shall consent to the holding and processing of personal information provided by such Participant to the Company, any affiliate of the Company, trustee or third party service provider, for all purposes relating to the operation of the Plan. These include, but are not limited to: (i) administering and maintaining Participant records; (ii) providing information to the Company, its affiliates, trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan; (iii) providing information to future purchasers or merger partners of the Company or any of its affiliates, or the business in which the Participant works; and (iv) transferring information about the Participant to any country or territory that may not provide the same protection for the information as the Participant's home country.
- D. This Plan is governed by the laws of the State of New York and as such will be construed under and in accordance with the laws of the State of New York without regard to conflicts of law.

Chief Executive Officer Date

FEDERAL-MOGUL MOTORPARTS
Management Incentive Plan for Fiscal Year 2015

I. PURPOSE

The Federal-Mogul Motorparts Management Incentive Plan (the “Plan”) has been established for Fiscal Year 2015 for those Participants defined under Section III below.

The purpose of this Plan is to provide additional compensation to Participants for their contribution to the achievement of the objectives of the Company, encouraging and stimulating superior performance by such individuals, and assisting in attracting and retaining highly qualified key employees.

II. DEFINITIONS

- A. Base Salary equals the base annual salary for each Participant, effective as of January 1, 2015. If a Participant’s Base Salary changes during the year, the Base Salary used to calculate the Bonus under this Plan will be prorated for the portion of the year each Base Salary was in effect based on a 12-month year. For the avoidance of doubt, Base Salary shall be determined before reductions for contributions (if any) under Code Section 401(k), and shall not include, without limitation and to the extent applicable, (i) any Financial Award under the Plan; (ii) variable compensation such as incentive awards, commissions or spot bonuses, if any; (iii) imputed income from such programs as life insurance, auto allowance, or non-recurring earnings such as moving or relocation expenses, allowances or perquisites, or reimbursed business expenses; (iv) long-term incentive compensation (including stock or stock-equivalent awards, if any); or (v) overtime, unless required to be included in Base Salary for purposes of the Plan in accordance with applicable law.
- B. Chief Executive Officer means the Chief Executive Officer of Federal-Mogul Motorparts.
- C. Chief Financial Officer means the Chief Financial Officer of Federal-Mogul Motorparts.
- D. Senior Vice President, Human Resources means the Senior Vice President of Human Resources of Federal-Mogul Motorparts.
- E. Code means the Internal Revenue Code of 1986, as amended.
- F. Company means Federal-Mogul Motorparts and its subsidiaries and its successors and assigns.
- G. Compensation Committee means the Compensation Committee of the Board of Directors of the Company.
- H. Financial Awards mean the awards that Participants may earn pursuant to the Plan.
- I. Fiscal Year means the Company’s Fiscal Year beginning January 1, 2015 and ending December 31, 2015.
- J. Plan means the Federal-Mogul Motorparts Management Incentive Plan, as from time to time amended.

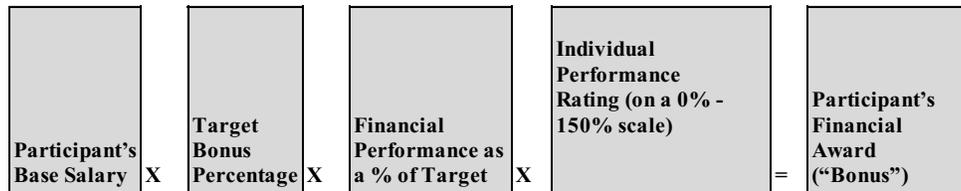
III. EMPLOYEES COVERED BY THIS PLAN

Participating employees of the Company selected to participate in the Plan shall be subject to the review and approval by the Compensation Committee (each a “Participant”). If a Participant vacates a listed position, the employee selected as the replacement would be eligible to participate in the Plan pro-rata for the months in the position, subject to approval by the Chief Executive Officer (except that, in the case of Participants who are executive officers, subject to the approval by the Compensation Committee in its sole discretion). Notwithstanding the foregoing, no Participant shall be eligible to participate in the Plan unless he or she has returned to the Company an executed Integrity Policy Certification Agreement and Confidentiality Agreement and acknowledged its understanding and acceptance of the Company’s policies consistent with the Company practices and procedures.

In order to receive a payout under the Plan, on the actual bonus payout date, a Participant must be in good standing and not on a performance improvement plan or in corrective action status as a result of poor performance during the Fiscal Year.

IV. FINANCIAL AWARD

A Participant in the Plan shall be entitled to a Financial Award computed as the product of:



- A. "Participant's Base Salary" shall be the Base Salary (as defined in Section II) of a Participant.
- B. "Target Bonus Percentage" that is selected for each Participant shall be subject to the review and approval by the Compensation Committee.
- C. "Individual Performance Rating" shall be based on an individual performance evaluation as determined in accordance with Section VI below.
- D. "Financial Performance as a % of Target" shall be determined in the manner set forth in Exhibit A based on the attainment of the financial, operational and strategic initiative targets for the Fiscal Year.
- It is intended that increases and decreases in Financial Awards that result from the application of Individual Performance Rating shall not result in an increase in the aggregate Plan payout that would otherwise apply based on the Financial Performance as a % of Target (as set forth on the attached Exhibit A) and Individual Performance Rating at the 100% level (such aggregate Plan payout being referred to as the "Maximum Bonus Pool"), and in the event that the Financial Awards otherwise calculated in accordance with this Section IV would exceed the Maximum Bonus Pool, each of the Financial Awards calculated on that basis shall be reduced pro rata in order that the aggregate Financial Awards shall not exceed the Maximum Bonus Pool.

V. FINANCIAL, OPERATIONAL AND STRATEGIC INITIATIVE PERFORMANCE TARGETS AND PAYOUT RANGES

The financial performance target and payout ranges used under this Plan in the Fiscal Year have been approved by the Compensation Committee based on the annual business plan and are set forth in Exhibit A. The payout percentage for the performance target will be based on the level of attainment as set forth in Exhibit A. For purposes of the Plan (including, without limitation, Exhibit A), "Adjusted EBITDA" shall mean operating income including joint venture earnings (or loss) and other income (or loss), adjusted to exclude stock based compensation expense (or income), and before interest, taxes, depreciation, and amortization.

At any time prior to the final determination of awards, the Compensation Committee may, in its sole discretion, increase, decrease, or otherwise adjust performance measures, targets, and payout ranges used hereunder, as a result of extraordinary or non-recurring events, changes in applicable accounting rules or principles, changes in the Company's methods of accounting, changes in applicable law, changes due to consolidations, acquisitions, or reorganizations affecting the Company and its subsidiaries and affiliates, or other similar changes in the Company's business.

VI. INDIVIDUAL PERFORMANCE RATING

A Participant's personal goals shall be developed by the Participant's supervisor for the Fiscal Year. The personal goals of the executive officers will be subject to review and approval by the Chief Executive Officer. The personal goals of the Chief Executive Officer will be subject to the review and approval by the Compensation Committee or the Board of Directors. Attainment of such goals and other performance criteria, both quantifiable and non-quantifiable, may be used to arrive at an overall individual performance rating from 0% to 150%. Such criteria shall be applied consistently to Participants with similar duties pursuant to an evaluation process to be reviewed and approved by the Senior Vice President of Human Resources. Criteria that may be weighed in arriving at an individual performance rating will be based on such personal goals and may include, without limitation:

- Achievement of performance targets established in Company's annual budget
- Development of staff
- Successful development of new accounts/products
- Improvement in product programs
- Attainment of self-development objectives
- Control or reduction of operating expenses by business unit
- Safety record of facility or facilities
- Quality program achievement
- Business process improvements

The supervisor will assign a personal performance rating, from 0% to 150%, reflecting the Participant's performance during the Fiscal Year. The Chief Executive Officer reserves the right, in his sole discretion, to accept the personal performance percentage recommendation for each Participant or to modify any personal performance percentage for any Participant to achieve such dispersion of performance ratings as the Chief Executive Officer deems appropriate; provided, however, that the personal performance percentage recommendation of the Chief Executive Officer and other executive officers shall be subject to the review and approval by the Compensation Committee in its sole discretion.

VII. COMPUTATION AND DISBURSEMENT OF FUNDS

As soon as practicable after the close of the Fiscal Year and approval of the Company's annual financial statements, the Chief Financial Officer shall calculate the applicable financial and operating performance measures under the Plan. The Chief Financial Officer and the Senior Vice President of Human Resources shall then calculate the proposed payout under the Plan based upon the proposed achievement of the financial and operating performance measures and the achievement of the Participants' Individual Performance Ratings. The proposed payout shall be verified by the Senior Vice President of Human Resources and presented to the Compensation Committee for review and final approval. Once approved, payment of the Financial Awards shall be made within 30 days after completion of the annual audit, but not later than March 15th of the calendar year following the fiscal year for which the award is earned. Any determination by the Compensation Committee made under this paragraph shall be final and binding on all parties.

Each Participant shall be liable for any and all federal, state, provincial, local or foreign taxes, pension plan contributions, employment insurance premiums, social insurance contributions, amounts payable to a governmental and/or regulatory body in the Participant's country and other levies of any kind required by applicable laws to be deducted or withheld with respect to the awards granted pursuant to the Plan (collectively, the "Withholding Taxes"). The Company and its subsidiaries shall have the right to deduct and withhold all required Withholding Taxes from any payment or other consideration deliverable to the Participant.

VIII. PRORATION OF FINANCIAL AWARDS

Any Participant who is not employed with the Company in a Bonus-eligible position on or prior to October 1, 2015 shall not be eligible to receive a Financial Award for the Fiscal Year, except as otherwise provided by the Chief Executive Officer or, in the case of the Chief Executive Officer and executives at the level of Vice President or above, by the Compensation Committee. Any Participant who is eligible for a Financial Award but who did not serve in a Bonus-eligible position during the entire 2015 Fiscal Year will be eligible to receive a pro-rated Bonus payment based on the amount of time such eligible Participant was actively and continuously employed in an eligible position during the Fiscal Year.

- *New Hires and Rehires* - The Financial Award will be prorated based upon the number of full months the Participant was employed during the Fiscal Year. For example, a Participant initially hired on July 1st would be eligible for 50% of the annual Financial Award. In the case of rehires, there is no credit for prior service and the rehire date must occur prior to October 1st in order for the Participant to be Bonus-eligible under the Plan for the Fiscal Year.
 - *Leaves of Absence* - Time taken during a leave of absence (including disability leave) is not credited toward eligibility for a Financial Award; therefore, awards will be prorated for the length of time on leave of absence. Furthermore, payments of Financial Awards are not considered earned and payable unless and until the Participant returns to work, with the exception of military leave. If the leave of absence lasts nine months or more during the Fiscal Year, the Participant will not have met the three-month eligibility required to earn a Bonus for that Fiscal Year.
 - *Promotions and Demotions* - If the action results in a movement from one Bonus-eligible position to another Bonus-eligible position (with either a higher or lower Bonus target) a prorated Financial Award will be calculated. The Financial Award will be calculated separately by factoring the time in each Bonus-eligible position by the corresponding Bonus target and Base Salary during the Participant's tenure in each position. However, if a Participant is both promoted and later demoted during the Fiscal Year, the Participant's entire Bonus eligibility and Bonus target percent will be determined by the lower grade.
 - *Status Change*
 - *Change in employment status* - The Financial Award is not payable unless the Participant has occupied a Bonus-eligible position for at least three months during the Fiscal Year on a full-time basis (i.e., 40-hour or more per week), unless specifically approved by the company's CEO, and meets all eligibility criteria during the last full quarter of the Fiscal Year, i.e., from October 1st through December 31st. The Financial Award will be based upon the Base Salary and the annual Bonus target while in the Bonus-eligible position.
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- *Bonus-eligible position to a non-Bonus eligible position* - The Financial Award will be prorated based upon the time in a Bonus-eligible position as long as the Participant was in the position for a minimum of three months during the Fiscal Year. A Participant must occupy a Bonus-eligible position prior to October 1st in order to be eligible to receive a Bonus payment for the Fiscal Year. The Financial Award will be based upon the Base Salary and the annual Bonus target while in the Bonus-eligible position.
- *Non-Bonus-eligible position to a Bonus-eligible position* - The Financial Award will be prorated based on the time worked, the corresponding Bonus target, and the Base Salary in effect while in the Bonus-eligible position as long as the Participant was in the eligible position for a minimum of three months during the Fiscal Year. A Participant must move into the Bonus-eligible position prior to October 1st in order to be eligible to receive a Bonus payment for the Fiscal Year.

IX. FORFEITURE / RECOUPMENT OF FINANCIAL AWARDS

Financial Awards are not considered earned until they are approved by the Compensation Committee and are actually paid by the Company. Consequently, a Participant whose employment with the Company is voluntarily or involuntarily terminated prior to the actual Financial Award payment date will be ineligible for payment of the Financial Award, except as otherwise provided by the Chief Executive Officer or, in the case of the Chief Executive Officer and executives at the level of Vice President or above, by the Compensation Committee in its sole and absolute discretion, in which case any such Financial Award to the terminated employee shall be paid at the time Financial Awards are paid to active employees pursuant to Section VII above.

If the Compensation Committee, in its sole and absolute discretion, determines that (i) there has been misconduct or a gross dereliction of duty resulting in either a violation of law or Company policy or procedures, that, in either case, causes significant financial or reputational harm to the Company (or any of its affiliates), and that a Participant committed the misconduct/ gross dereliction of duty, or failed in his or her responsibility to manage or monitor the applicable conduct or risk; (ii) a conduct of a Participant involves an immoral act which is reasonably likely to impair the reputation of the Company (or any of its affiliates); (iii) a Participant committed, or was indicted for, a felony or any crime involving fraud or embezzlement or dishonesty or was convicted of, or entered a plea of *nolo contendere* to a misdemeanor (other than a traffic violation) punishable by imprisonment under federal, state or local law; (iv) a Participant violated any securities or employment laws or regulations; (v) a Participant materially breached the Integrity Policy Certification Agreement and Confidentiality Agreement; or (vi) a Participant embezzled and/or misappropriated any property of the Company (or any of its affiliates) or committed any act involving fraud with respect to the Company (or any of its affiliates), then, to the extent not prohibited by applicable law, the Compensation Committee, in its sole and absolute discretion, may seek reimbursement from such Participant (and such Participant shall be obligated to repay) all or any portion of any payments made to such Participant in respect of the Financial Award; provided, however, that the Compensation Committee may only seek such reimbursement in respect of payments of the Financial Award made to a Participant within the three-year period preceding the date that the Compensation Committee makes a determination that there has been misconduct or a gross dereliction of duty.

If the Compensation Committee determines, in its sole and absolute discretion, that calculations underlying the performance measures and targets, including but not limited to mistakes in the Company's financial statements for the Fiscal Year, were incorrect, then the Compensation Committee may, in its sole and absolute discretion, seek to recover the amount of any payment made to Participants that exceeded the amount that would have been paid based on the corrected calculations; provided, however, that the Compensation Committee may only seek to recover such amounts within the three-year period preceding the date that the Compensation Committee makes a determination that the calculations were incorrect.

To the extent not prohibited by applicable law, if a Participant is an officer of the Company, or, if applicable, has otherwise been designated by the Board of Directors as an "officer" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, the Board of Directors shall seek reimbursement of any payment made to such Participant in respect of the Financial Award in the event of a restatement of the Company's (or any of its subsidiaries') financial results (occurring due to material noncompliance with any financial reporting requirements under applicable securities laws) that reduced a previously granted payment made to such Participant in respect of the Financial Award. In that event, the Compensation Committee may, in its sole and absolute discretion, seek to recover the amount of any such payment made to the Participant that exceeded the amount that would have been paid based on the restated financial results.

If the Company subsequently determines that it is required by law to apply a "clawback" or alternate recoupment provision to the Financial Award, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or recoupment provision also shall apply to such Financial Award, as if it had been included on the effective date of this Plan.

To the extent not prohibited under applicable law, the Company, in its sole and absolute discretion, will have the right to set off (or cause to be set off) any amounts otherwise due to a Participant from the Company in satisfaction of any repayment obligation of such Participant hereunder, provided that any such amounts are exempt from, or set off in a manner intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.

For the avoidance of doubt, the Company's rights under this Section IX shall apply to Participants, without regard to whether any such Participant is currently providing, or previously provided, services to the Company as an employee.

X. ADMINISTRATION

This Plan shall be administered by the Senior Vice President of Human Resources, subject to the control and supervision of the Chief Executive Officer and the Compensation Committee. In the event of a claim or dispute brought forth by a Participant (other than the Chief Executive Officer), the decision of the Chief Executive Officer as to the facts in the case and the meaning and intent of any provision of the Plan, or its application, shall be final, binding, and conclusive. In the event of a claim or dispute brought forth by the Chief Executive Officer, the decision of the Compensation Committee as to the facts in the case and the meaning and intent of any provision of the Plan, or its application, shall be final, binding, and conclusive.

XI. NO EMPLOYMENT CONTRACT; FUTURE PLANS

Participation in this Plan shall not confer upon any Participant any right to continue in the employ of the Company nor interfere in any way with the right of the Company to terminate any Participant's employment at any time. The Company is under no obligation to continue the Plan in future years. Participation in this Plan shall also supersede and eliminate any incentive bonus plan or other contractual bonus arrangement (including, without limitation, any sales commission, safety incentive, personal incentives and project incentives) that the Participant has or may have had by contract or otherwise, except as may be expressly provided in the acceptance document that such Participant executes.

XII. AMENDMENT OR TERMINATION

The Compensation Committee may at any time, or from time to time, in its sole and absolute discretion, (a) amend, alter or modify the provisions of this Plan, (b) terminate this Plan, or (c) terminate the participation of an employee or group of employees in this Plan; provided, however, that in the event of the termination of this Plan or a termination of participation, the Compensation Committee may determine that a prorated award is payable to employees who were Participants in this Plan under such terms and conditions as established by the Compensation Committee in its sole and absolute discretion.

XIII. GENERAL PROVISIONS

A. No rights of the Participants under this Plan shall be transferable or assignable by a Participant, either voluntarily or involuntarily by way of encumbrance, pledge, attachment, levy or charge of any nature (except as may be required by state or federal law).

B. Nothing in the Plan shall require the Company to segregate or set aside any funds or other property for the purpose of paying any portion of an award. No Participant, beneficiary or other person shall have any right, title or interest in any amount awarded under the Plan prior to the payment of such award to him or her. A Participant's rights to a Financial Award under this Plan are no greater than those of unsecured general creditors of the Company.

C. By participating in the Plan, each Participant hereunder shall consent to the holding and processing of personal information provided by such Participant to the Company, any affiliate of the Company, trustee or third party service provider, for all purposes relating to the operation of the Plan. These include, but are not limited to: (i) administering and maintaining Participant records; (ii) providing information to the Company, its affiliates, trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan; (iii) providing information to future purchasers or merger partners of the Company or any of its affiliates, or the business in which the Participant works; and (iv) transferring information about the Participant to any country or territory that may not provide the same protection for the information as the Participant's home country.

D. This Plan is governed by the laws of the State of New York and as such will be construed under and in accordance with the laws of the State of New York without regard to conflicts of law.

Chief Executive Officer Date

FEDERAL-MOGUL CORPORATION
2010 STOCK INCENTIVE PLAN
2015-2017 EVA AWARD AGREEMENT - Powertrain Segment

Name: [_____] (the "Participant")

Pursuant to and subject to the terms and conditions of the Federal-Mogul Corporation 2010 Stock Incentive Plan, as amended from time to time (the "Plan"), this award agreement ("Agreement") evidences the issuance to the Participant by Federal-Mogul Corporation (the "Company"), effective as of the grant date set forth below, of a performance-based economic value added award (the "Award"). The rights conferred by this Agreement shall be deemed for all purposes to be a "performance unit" under the Plan. Any term capitalized herein but not defined will have the meaning set forth in the Plan.

1. **Grant Date.** The grant date for the Award is [_____], 2015
2. **Performance Period.** The Performance Period for the Award shall be the three-year period commencing on January 1, 2015 and ending on December 31, 2017.
3. **Vesting.** The Award shall vest 100% on the last day of the Performance Period, subject to the Participant's continuous employment throughout the Performance Period.
4. **Award Value.** Participant's Award shall be valued based on the Award Percentage multiplied by the PT Bonus Pool. Subject to the provisions in Section 7 hereof, the Participant's Award Percentage is equal to []%.
 - (a) "PT Bonus Pool" means 3.0% of Economic Profit generated by the Powertrain Segment during the Performance Period. The PT Bonus Pool cannot be less than \$0 and may not exceed \$10,000,000 with respect to the Performance Period.
 - (b) "Economic Profit" means, with respect to the Powertrain Segment of the Company, EBIT of the Powertrain Segment less the Capital Charge. Economic Profit shall be calculated quarterly during the Performance Period.
 - (c) "EBIT" means, for any fiscal quarter, the Powertrain Segment's consolidated net income determined in accordance with GAAP before the following:
 - i. interest income and expense,
 - ii. provision for income taxes (including tax sharing payments),
 - iii. legacy defined benefit expenses,
 - iv. OPEB curtailment gains or losses,
 - v. expenses associated with factoring of receivables, and
 - vi. gains and losses on the sale of a business.
 - vii. restructuring charge, to be capitalized and then amortized through EBIT over a 3 year period (i.e. over 12 quarters)

EBIT shall be calculated quarterly during the Performance Period. Notwithstanding anything to the contrary in the foregoing, the Compensation Committee of the Company's Board of Directors ("Compensation Committee") shall, subject to the terms of the Plan, adjust the calculation of EBIT for events or actions during the course of the Performance Period that are extraordinary and/or non-recurring (including but not limited to goodwill impairments or legacy costs).
 - (d) "Capital Charge" means, for any fiscal quarter, Average Working Assets multiplied by the annual rate specified below. Capital Charge shall be calculated quarterly during the Performance Period.
 - i. Fiscal 2015: Ten percent (10.0%) (i.e., 2.5% each fiscal quarter).
 - ii. Fiscal 2016: Ten percent (10.0%) (i.e., 2.5% each fiscal quarter).
 - iii. Fiscal 2017: Ten percent (10.0%) (i.e., 2.5% each fiscal quarter).
 - (e) "Average Working Assets" means, for any fiscal quarter, the average of (i) Working Assets as of the last day of such quarter and (ii) Working Assets as of the last day of the immediately preceding quarter. Average Working Assets shall be calculated quarterly during the Performance Period.
 - (f) "Working Assets" means, for any fiscal quarter, the following items for the Powertrain Segment as of the last day of such quarter (in each case determined in accordance with GAAP):
 - i. accounts receivable; plus
 - ii. factored receivables that would not have otherwise been paid during the fiscal quarter; plus
 - iii. net inventory; plus
 - iv. property, plant and equipment net of depreciation (i.e. net book value); plus

- v. goodwill and other intangible assets related to acquisitions or investments completed on or after September 30, 2013; plus
- vi. investments in non-consolidated subsidiaries (excluding \$100 million consisting primarily of retained earnings established before January 1, 2014); less
- vii. accounts payable; less
- viii. accrued liabilities (other than accruals for short term taxes or short term interest).
- ix. net book value of capitalized restructuring (i.e. gross amount of restructuring capitalized net of accumulated amortized restructuring charged through EBIT)

Working Assets shall be calculated quarterly during the Performance Period. The Participant and the Company acknowledge and agree that Working Assets for the fiscal quarter of the Powertrain Segment ended December 31, 2014 was [____]. Notwithstanding anything to the contrary in the foregoing: (A) Working Assets shall be determined without giving effect to any gains and losses on the sale of a business; and (B) the Compensation Committee shall, subject to the terms of the Plan, adjust the calculation of Working Assets for events or actions during the course of the Performance Period that are extraordinary and/or non-recurring (including but not limited to goodwill impairments).

- 5. **Form and Timing of Payment.** Except as hereinafter provided, after the end of the Performance Period, the Participant shall be entitled to receive a payment equal to the value of the Award, if any, in a lump sum in cash. Payment of such amount shall be made as soon as administratively practicable after the later of (i) the filing of the Company's 2017 Annual Report on Form 10-K (or any successor filing) and (ii) the Economic Profit results are calculated and certified by the Compensation Committee following the end of the Performance Period, but in no event later than March 15, 2018.
- 6. **Termination of Employment.** Subject to the forfeiture and clawback provisions contained in Section 15 of the Plan and Section 11 of this Award, the Participant's right to receive the Award after the Participant's Termination of Employment within the Performance Period will be only as follows:
 - (a) **Termination by the Company other than due to a Breach of Conduct.** If the Participant incurs an involuntary Termination of Employment by the Company other than due to a Breach of Conduct prior to the end of the Performance Period, subject to the provisions of Section 7 hereof, the Participant shall have the right to receive a payment in a lump sum in cash equal to (i) the value of the Award, if any, multiplied by (ii) a fraction, (A) the numerator of which is equal to the number of days the Participant was employed during the Performance Period and (B) the denominator of which is equal to the total number of days in the Performance Period. The payment of such amount, if any, shall be made in accordance with Section 5.
 - (b) **Other Termination.** Unless otherwise determined by the Committee, if the Participant incurs a Termination of Employment within the Performance Period for any reason other than as described in Section 6(a), then the Award shall thereupon immediately terminate and be forfeited by the Participant.
- 7. **Change in Control and Powertrain Segment Change of Control.** Notwithstanding anything to the contrary herein, if the Participant is employed by the Company immediately prior to a Change in Control Event that occurs during the Performance Period, to the extent that the Participant becomes entitled to a payment pursuant to Section 5 or Section 6 hereof, such payment shall not be less than the Change in Control Amount.
 - (a) "Change in Control Event" means a Change in Control as defined in the Plan and/or a Powertrain Segment Change of Control.
 - (b) "Powertrain Segment Change of Control" shall mean a transaction by which all or substantially all of the assets of the Powertrain Segment (or the securities of the entities holding such assets) are sold to a third party who is not Affiliated with the Company in a private sale (including such transactions that occur following a Spin-Off Transaction or a public offering of the securities of the Powertrain Segment), but in no event shall such term be utilized to refer to a Spin-Off Transaction, a public offering of the securities of the Powertrain Segment or any other transaction that would not satisfy the definition of a "change in control event" as defined in Code Section 409A and the regulations and other official guidance issued thereunder. For the avoidance of doubt, a "Powertrain Segment Change of Control" shall in no event include any transaction if, immediately following consummation thereof, Carl Icahn and/or the Related Parties are the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Powertrain Segment.
 - i. "Powertrain Segment" means the powertrain operating segment of the Company (or any successor operating segment).
 - ii. "Affiliate" shall have the meaning set forth in Rule 405 of Regulation C of the Securities Act of 1933, as amended.
 - iii. "Spin-Off Transaction" means any transaction by which (i) the Powertrain Segment (or all or substantially all of the assets of the Powertrain Segment or the securities of the entities holding such assets) is distributed to the security holders of the Company or (ii) the assets comprising all or

substantially all of the Powertrain Segment (or the securities of the entities holding such assets) are otherwise reorganized or restructured in a manner similar to the foregoing.

- (c) "Change in Control Amount" means an amount equal to the value of the Award calculated in accordance with Section 4 hereof, but determined as if the Performance Period ended on the Change in Control Date.
 - (d) "Change in Control Date" means the date upon which a Change in Control Event is consummated.
8. Withholding. The Company shall have the right to retain any amounts that are distributable to the Participant hereunder to the extent necessary to satisfy the minimum required withholding taxes, whether federal, state, local or foreign, triggered by the payment of any amounts hereunder.
 9. Transferability of the Award. The Award is transferable only by will or the laws of descent and distribution, or pursuant to a domestic relations order (as defined in the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder).
 10. No Limitation on Rights of the Company. The grant of the Award will not in any way affect the right or power of the Company to make adjustments, reclassification or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.
 11. Cancellation, Rescission, and Clawback of Awards. In the event of a restatement of the Company's consolidated financial statements that would reduce the amount of any previously awarded Award, the related outstanding Awards will be cancelled or reduced accordingly and the Participant shall pay over to the Company an amount equal to any gain realized as a result of the exercise, distribution or settlement (whether at the time of exercise, distribution or settlement or thereafter) within (a) the twenty-four (24) months preceding such financial restatement for the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer of the Company or (b) the twelve (12) months preceding such financial restatement for all other Participants.

Additionally, the Committee may at any time, in its sole and absolute discretion, cancel, declare forfeited, rescind, or require the return of any outstanding Award (or a portion thereof) upon the Committee determining that the Participant has, at any time (whether before or after the grant date of the Award), committed a Breach of Conduct. In addition, at any time following the payment of an Award, the Committee may, in its sole and absolute discretion, rescind any such payment and require the repayment of an Award (or a portion thereof) upon the Committee determining that the Participant has, at any time (whether before or after the payment of the Award), committed a Breach of Conduct.

The Committee's determination that a Participant has committed a Breach of Conduct, and its decision to require rescission of an Award's payment, shall be conclusive, binding, and final on all parties. The Committee's determination that a Participant has violated the terms of the Plan or the Award and the Committee's decision to cancel, declare forfeited, or rescind an Award or to require rescission of an Award's payment shall be conclusive, binding, and final on all parties.

In connection with any cancellation, forfeiture or rescission contemplated by this Section 11, the terms of repayment by the applicable Participant shall be determined in the Committee's sole and absolute discretion, which may include, among other terms, the repayment being required to be made (i) in one or more installments or payroll deductions or deducted from future bonus payments or (ii) immediately in a lump sum in the event that such Participant incurs a termination of employment.

To the extent not prohibited under applicable law, the Company, in its sole and absolute discretion, will have the right to set off (or cause to be set off) any amounts otherwise due to a Participant from the Company in satisfaction of any repayment obligation of such Participant hereunder, provided that an such amounts are exempt from, or set off in a manner intended to comply with the requirements of Section 409A of the Code.

12. Plan and Agreement Not a Contract of Employment. Neither the Plan nor this Agreement is a contract of employment, and no terms of employment of the Participant will be affected in any way by the Plan, this Agreement or related instruments except as specifically provided therein. Neither the establishment of the Plan nor this Agreement will be construed as conferring any legal rights upon the Participant for a continuation of employment, nor will it interfere with the right of the Company or any subsidiary or Affiliate to discharge the Participant and to treat him or her without regard to the effect that treatment might have upon him or her as the Participant.
 13. Notice. Any notice or other communication required or permitted hereunder must be in writing and must be delivered personally, or sent by certified, registered or express mail, postage prepaid. Any such notice will be deemed given when so delivered personally or, if mailed, seven days after the date of deposit in the United States mail, in the case of the
-

Company to the Company's U.S. corporate headquarters (as reflected on the Company's corporate website), Attention: General Counsel, and, in the case of the Participant, to the last known address of the Participant in the Company's or Subsidiary's records.

14. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, and may not be modified (except as provided herein and in the Plan) adversely to the Participant except by means of a written document signed by the Company and the Participant. This Agreement and the Award will be construed and enforced in accordance with, and governed by, the laws of the State of Delaware, determined without regard to its conflict of laws rules.
15. Plan Controls. The rights granted under this Agreement are in all respects subject to the provisions of the Plan to the same extent and with the same effect as if they were set forth fully herein. If the terms of this document conflict with the terms of the Plan, the Plan will control.
16. Participant's Acknowledgement. The Participant acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Agreement subject to all of the terms and provisions thereof. The Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands the provisions of the Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee upon any questions arising under the Plan or this Agreement. The Participant further agrees to notify the Company upon any change in his or her residence address. A facsimile or photocopy of an executed counterpart of this Agreement shall be sufficient to bind the party or parties whose signature(s) appear thereon.

Participant

Name:

Federal-Mogul Corporation

By: _____
Name: [_____]
Title: [_____]

FEDERAL-MOGUL MOTORPARTS
PERFORMANCE AWARD AGREEMENT

THIS PERFORMANCE AWARD AGREEMENT (the "Agreement") is made by and between Federal-Mogul Motorparts (the "Company"), a division of Federal-Mogul Holdings Corporation, a Delaware corporation, and [Name], an officer or employee of the Company or a subsidiary of the Company (the "Participant") effective as of January 1, 2015.

In consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the Company and the Participant hereby agree as follows:

1. **Grant.** The Company hereby grants to the Participant identified above a Performance Award (calculated in the manner set forth in Section 5 hereof) subject to the terms and conditions set forth herein (the "Terms"). No Performance Award will be paid or payable hereunder unless the Participant earns the Performance Award pursuant to Sections 4, 5 and/or 9 hereof and Section 5 of the Federal-Mogul Holdings Corporation 2012 Long-Term Performance Plan dated as of July 10, 2012 (the "Plan"). This Performance Award is granted pursuant to and is subject to the terms and conditions of the Plan. A copy of the Plan is attached as an exhibit hereto and the terms and conditions thereof are incorporated herein by this reference and are expressly made part of this Agreement. All terms used herein and defined in the Plan shall, unless otherwise defined herein, have the same meaning set forth in the Plan. The Performance Award granted hereby is non-transferable except as otherwise permitted under the Plan.

2. **Performance Period.** The Performance Period for this Award shall be the three-year period commencing on January 1, 2015 and ending on December 31, 2017.

3. **Performance Measure.** The performance measure for the Performance Period shall be the cumulative Operational EBITDA for the Performance Period. Operational EBITDA is defined as operating income before interest, taxes, depreciation and amortization after accrual for bonuses and excluding restructuring charges (as determined by the Committee) and expenses for the U.S. defined benefit plan. For purposes of calculating Operational EBITDA, the Committee may, in its sole and absolute discretion, exclude the impact of non-recurring or extraordinary gains or losses, changes in accounting methodology (or similar items), and changes in law, that are not indicative of continuing operations and may also adjust the Operational EBITDA performance target based on approved capital expansion plans, acquisitions, and other changes in the Company's business. For purposes of clarification, the Operational EBITDA performance target set forth in Section 4 is based on the Company's current business plan and projected growth capital expenditures. Acquisitions or new growth initiatives would likely result in an upward adjustment to the performance target.

4. **Performance Goal.**

2015 Operational EBITDA: [_____]
 2016 Operational EBITDA: [_____]
 2017 Operational EBITDA: [_____]
 Cumulative Operational EBITDA of [_____]
 .

5. **Performance AWARD.**

- a. Participant's Target Performance Award shall be _____.
- b. Participant's Actual Performance Award will be the Target Performance Award multiplied by the % Performance Award Earned as determined in accordance with Appendix A.

6. **Timing and Form of Payout.** As soon as practicable after the close of the Performance Period, the Chief Financial Officer and the Senior Vice President of Human Resources shall calculate the financial performance and the proposed payout under the Plan based on the achievement of the financial Performance Measure. The proposed payout shall be presented to the Committee for its review and approval. Once approved, payment of the Award shall be made within 30 days after completion of the annual audit but not later than March 15 of the calendar year following the end of the Performance Period. All Award payments shall be reduced by amounts required to be withheld for taxes at the time payments are made.

7. Death, Disability, or SEPARATION FROM SERVICE due to (i) Retirement, (ii) TERMINATION by the Company Without Cause, or (iii) termination by the company due to Participant's disability. In the event of a Participant's death, Disability, or Separation from Service due to (i) Retirement, (ii) termination by the Company for any reason other than Cause, or (iii) termination by the Company due to the Participant's Disability, each, a "Qualifying Event", in each case on or after January 1, 2017 and prior to the end of the Performance Period, the Participant (or in the case of the Participant's death, the Participant's beneficiary) shall be entitled to receive an Award payout equal to the Performance Award (calculated in accordance with Section 5) as if he or she had remained employed until the last day of the Performance Period, multiplied by a fraction, the numerator of which shall be the number of full calendar months during the period of January 1, 2015 through the date the Participant's employment terminated due to a Qualifying Event and the denominator of which shall be thirty-six (36), the total number of months in the Performance Period. The payment of such amount shall be made according to same terms set forth in Section 6 above. As used herein, "Disability" shall have the meaning ascribed to such term in the Plan and must also constitute a "disability" pursuant to Section 409A(a)(2)(C) of the Code.

8. SEPARATION FROM SERVICE for Any Other Reason. Performance Awards are not considered earned until they are approved by the Compensation Committee of the Board of Directors and are actually paid by the Company. Except as provided in Section 7 or Section 9, the Participant must be an employee of the Company and/or an affiliate continuously from the date of this Award until the Performance Award is paid. Consequently, a Participant whose employment with the Company is voluntarily or involuntarily terminated prior to the Performance Award payment date will be ineligible for payment of the Performance Award, except as otherwise provided by the Committee or pursuant to Section 7, in which case any such Performance Award to the terminated employee shall be paid at the time Financial Awards are paid to active employees pursuant to Section 6 above, or pursuant to Section 9.

9. PAYMENT UPON A CHANGE IN CONTROL. Notwithstanding anything to the contrary in Section 6, 7 or 8 hereof, upon the occurrence of a Change in Control during the Performance Period, the Participant (or in the case of Participant's death, the Participant's beneficiary) shall be eligible to receive a pro-rated Award based upon achievement of Annual Performance Goals as shown in Section 4 for any completed fiscal year during the Performance Period prior to the consummation of the Change of Control. The Annual Performance Goal during the fiscal year in which the Change of Control occurs shall be deemed satisfied at 100%. Payment of the Award shall be made promptly and in no event later than 30 days after the occurrence of a Change in Control unless the Change in Control occurs prior to the completion of the annual audit for a completed year in the Performance Period, in which case payment of the Award shall be made within 30 days after completion of the annual audit but not later than June 30 of the calendar year during which the Change in Control occurs. All Award payments shall be reduced by amounts required to be withheld for taxes at the time payments are made. As used herein, "Change in Control" shall have the meaning ascribed to such term in the Plan and must also constitute a "change in control event" within the meaning of Section 409A of the Code.

10. No Limitation on Rights of the Company. The grant of this Award shall not in any way affect the right or power of the Company to make adjustments, reclassification, or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

11. Cancellation, Rescission, and Clawback of Awards. In the event of a restatement of the Company's consolidated financial statements that would reduce the amount of any previously awarded Performance Award, the related outstanding Awards will be cancelled or reduced accordingly and the Participant shall pay over to the Company an amount equal to any gain realized as a result of the exercise, distribution or settlement (whether at the time of exercise, distribution or settlement or thereafter) within (a) the twenty-four (24) months preceding such financial restatement for the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer of the Company or (b) the twelve (12) months preceding such financial restatement for all other Participants.

Additionally, the Committee may at any time, in its sole and absolute discretion, cancel, declare forfeited, rescind, or require the return of any outstanding Award (or a portion thereof) upon the Committee determining that the Participant has, at any time (whether before or after the grant date of the Award), committed a Breach of Conduct. In addition, at any time following the payment of an Award, the Committee may, in its sole and absolute discretion, rescind any such payment and require the repayment of an Award (or a portion thereof) upon the Committee determining that the Participant has, at any time (whether before or after the payment of the Award), committed a Breach of Conduct.

The Committee's determination that a Participant has committed a Breach of Conduct, and its decision to require rescission of an Award's payment, shall be conclusive, binding, and final on all parties. The Committee's determination that a Participant has violated the terms of the Plan or the Award and the Committee's decision to cancel, declare forfeited, or rescind an Award or to require rescission of an Award's payment shall be conclusive, binding, and final on all parties.

In connection with any cancellation, forfeiture or rescission contemplated by this Section 11, the terms of repayment by the applicable Participant shall be determined in the Committee's sole and absolute discretion, which may include, among other terms, the repayment being required to be made (i) in one or more installments or payroll deductions or deducted from future bonus payments or (ii) immediately in a lump sum in the event that such Participant incurs a termination of employment.

To the extent not prohibited under applicable law, the Company, in its sole and absolute discretion, will have the right to set off (or cause to be set off) any amounts otherwise due to a Participant from the Company in satisfaction of any repayment obligation of such Participant hereunder, provided that an such amounts are exempt from, or set off in a manner intended to comply with the requirements of Section 409A of the Code.

12. Notice. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally or, if mailed, three days after the date of deposit in the United States mail, in the case of the Company to the Chief Financial Officer and, in the case of the Participant, to his or her address set forth on the signature page hereto or, in each case, to such other address as may be designated in a notice given in accordance with this Section 12.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the conflicts of laws principles thereof.

14. Participant Acknowledgment. The Participant hereby acknowledges receipt of a copy of the Plan, has read and understands the Plan, and agrees to be bound by all terms and provisions contained therein.

15. Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Plan.

16. Unfunded Status. The Performance Award constitutes an unfunded and unsecured promise of the Company to deliver (or cause to be delivered) to the Participant, subject to the terms and conditions of this Agreement, payment in respect of the Award as provided herein. By accepting this Performance Award, the Participant understands that this grant does not confer any legal or equitable right (other than those constituting the Performance Award) against the Company or any of its affiliates, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or any of its affiliates. The rights of the Participant (or any person claiming through the Participant) under this Agreement shall be solely those of an unsecured general creditor of the Company.

17. No Right to Continued Employment. Nothing in this Agreement shall be interpreted or construed to confer upon the Participant any right with respect to continuance of employment by the Company or one of its subsidiaries, nor shall this Agreement interfere in any way with the right of the Company or one of its subsidiaries to terminate the Participant's employment therewith at any time. In addition, the Performance Award is provided solely as an incentive and shall not constitute part of the Participant's employment compensation package. The Performance Award shall not be considered part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, long-service awards, pension, or retirement benefits or similar payments.

18. TAX WITHHOLDING. The Participant shall be liable for any and all federal, state, provincial, local or foreign taxes, pension plan contributions, employment insurance premiums, social insurance contributions, amounts payable to a governmental and/or regulatory body in the Participant's country and other levies of any kind required by applicable laws to be deducted or withheld with respect to the Performance Award (collectively, the "Withholding Taxes"). The Company and its subsidiaries shall have the right to deduct and withhold all required Withholding Taxes from any payment or other consideration deliverable hereunder to the Participant.

19. Plan Document Controls. The rights herein granted are in all respects subject to the provisions set forth in the Plan to the same extent and with the same effect as if set forth fully herein. In the event that the terms of these Terms conflict with the terms of the Plan document, the Plan document shall control.

20. COMPLIANCE WITH SECTION 409A. The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from, Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Code Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Participant by Code Section 409A or any damages for failing to comply with Code Section 409A.

If the Participant is a "specified employee" (as such term is defined for purposes of Code Section 409A) at the time of his or her termination of employment, no amount that is subject to Code Section 409A and that becomes payable by reason of such termination of employment shall be paid to the Participant before the earlier of (i) the date immediately following the expiration of the six-month period measured from the date of the Participant's termination of employment, and (ii) the date of the Participant's death. A termination of employment shall be deemed to occur only if it is a "separation from service" as defined in the Plan, and references in this Agreement to "termination," "termination of employment," or like terms shall mean a separation from service.

21. DATA PROTECTION. By executing this Agreement, the Participant consents to the holding and processing of personal information provided by the Participant to the Company, any affiliate of the Company, trustee or third party service provider, for all purposes relating to the performance of this Agreement. These include, but are not limited to: (i) administering and maintaining Participant records; (ii) providing information to the Company, its affiliates, trustees of any employee benefit trust, registrars, brokers or third party administrators; (iii) providing information to future purchasers or merger partners of the Company or any of its affiliates, or the business in which the Participant works; and (iv) to the extent not prohibited by applicable law, transferring information about the Participant to any country or territory that may not provide the same protection for the information as the Participant's home country.

22. Notwithstanding the terms of any other agreement between the Company and Participant, this Agreement and the Award are in addition to, not in substitution of, and not superseded or eliminated by, any other incentive bonus plan or other contractual bonus arrangement that Participant has or may have had or may in the future have by contract or otherwise, including any participation in the Company's Management Incentive Plans.

IN WITNESS WHEREOF, Federal-Mogul Motorparts has caused this Agreement to be duly executed by its duly authorized officer and said Participant has hereunto signed this Agreement on his or her own behalf, as of the day and year first above written.

FEDERAL-MOGUL MOTORPARTS

By: _____
Title: _____

PARTICIPANT

Participant Signature

Participant Address

**Herr
Martin Hendricks
Am Abhang 11
22587 Hamburg**

24.Juli 2014

ANSTELLUNGSVERTRAG / EMPLOYMENT CONTRACT

Sehr geehrter Herr Hendricks / Dear Mr Hendricks ,

Dieser Vertrag ersetzt den Vertrag mit Federal-Mogul Corporation vom 1. Oktober 2012. Folgende Vereinbarungen sind hiermit getroffen / This contract replaces the former contract with Federal-Mogul Corporation, dated October 1st, 2012. The following is hereby agreed:

Pflichten und Verantwortung

Mit Wirkung vom 01.08.2014 werden Sie als President Motorparts, EMEA eingesetzt.

Der Dienstsitz ist Glinde.

Die Honeywell Friction Materials International GmbH ist Teil des global operierenden Federal-Mogul Konzerns mit Hauptsitz in Southfield, Michigan, USA. Der Konzern ist global unternehmensübergreifend organisiert. Im Rahmen Ihrer Tätigkeit sind Sie in diese globale Matrix-Organisation eingebunden. Ihre Einbindung ergibt sich aus dem jeweils gültigen Organisationsplan der Gesellschaft und des Konzerns.

In dieser Position berichten Sie an den CEO Federal Mogul Motorparts.

Die Gesellschaft behält sich vor, das Tätigkeitsgebiet zu ändern oder zu ergänzen. Darüber hinaus kann Ihnen eine andere, vergleichbare Tätigkeit innerhalb des deutschen Federal-Mogul-Konzerns übertragen werden.

Duties and responsibility

With effect from August 1st, 2014, you will be employed as President Motorparts, EMEA.

The regular place of employment will be Glinde.

Honeywell Friction Materials International GmbH is part of the global Federal-Mogul Corporation headquartered at Southfield, Michigan, USA. The Company is organized globally on a cross-company structure. For purposes of your work you will be integrated into this global matrix organization. Your organizational position will be determined by the company and the Group organization chart applicable.

In this function you will report to the CEO Federal Mogul Motorparts.

The company reserves the right to change or add to your duties. Furthermore, you may be assigned to another comparable position within the German Federal-Mogul group, involving transfer to another company.

Es ist Ihre Verpflichtung, alle Geschäftsunterlagen - auch die persönlichen Aufzeichnungen - als vertraulich zu halten und sie als Eigentum der Gesellschaft zu behandeln und sorgfältig unter Verschluss zu halten.

You are obliged to treat all business documents - including personal notes and records - as confidential property of the company and to keep them safely under lock and key.

Mit dem vertraglich vereinbarten Gehalt sind sämtliche Tätigkeiten und Arbeitszeiten im Dienste der Gesellschaft einschließlich der, die auf Dienstreisen entstehen, abgegolten.

The contractually agreed salary shall cover all activities and hours worked in the service of the company including those arising on business trips.

Bezüge

Salary

Als Vergütung für Ihre Tätigkeit erhalten Sie ein festes Jahresgehalt in Höhe von

As payment for your work you will receive a fixed annual salary of

€ 300.000,- brutto

€ 300.00.- gross

(i. W. dreihunderttausend)

(say three hundred thousand)

Das Gehalt wird nach Abzug der gesetzlichen Abgaben in 12 gleichen Teilbeträgen ausgezahlt.

The salary shall be paid in 12 equal monthly parts after deduction of the statutory charges.

Im Abstand von 12 Monaten soll Ihr Grundgehalt von der Geschäftsführung bzw. von dazu bevollmächtigten Personen überprüft werden. Es soll dann den wirtschaftlichen Verhältnissen unter Berücksichtigung der Ertrags- und Finanzlage des Unternehmens angepasst werden.

Your basic salary shall be reviewed annually by management or persons authorised thereto. It shall be adjusted in line with the general economic conditions taking special account of the earnings and financial situation of the company.

Sie werden in das Federal-Mogul Management Incentive Plan (MIP)-Bonus-Programm einbezogen. Für Ihr MIP ist eine Zielerreichung von 60% Ihres Jahresfestgehalts definiert. Die Auszahlung erfolgt in Anlehnung an die üblicherweise im ersten Quartal des Folgejahres.

You will be eligible to participate in the Company's discretionary Management Incentive Plan (MIP) Bonus Scheme. Your MIP has a target of 60% of your basic salary and will be paid in accordance with the MIP Outline, in general during the first quarter of the following year.

Gehaltszahlung bei Krankheit und Tod

Salary payments in the event of sickness and death

Im Falle unverschuldeter Arbeits-unfähigkeit durch Krankheit oder Unfall erhalten Sie zunächst für 6 Wochen Ihr Grundgehalt weiter. Danach erhalten Sie für die Dauer von 12 Monaten einen Zuschuß zu den Barleistungen Ihrer gesetzlichen Krankenkasse oder Ersatzkasse, der -zusammen mit diesem Krankengeld -die Höhe Ihrer Nettobezüge gemäß Ziffer 2.1 erreicht.

In the event of excusable incapacitation due to sickness or accident you will initially continue to receive your basic salary for 6 weeks. Thereafter, you will receive for 12 more months a subsidy towards the cash benefits paid by your statutory or private health insurance fund which - together with this sickness pay - will reach the level of your net earnings as under 2.1.

Im Falle Ihres Todes erhalten Ihre Hinterbliebenen (Witwe und unterhaltsberechtigzte Kinder) Grundgehalt gemäß Ziffer 2.1 noch für die Dauer von sechs Monaten, beginnend mit dem Ablauf des Sterbemonats, weiter.

In the event of your death your surviving dependants (widow and dependent children) will continue to receive the basic salary as under 2.1 for a period of 6 months commencing after expiry of the month of your death.

Nebenleistungen

Für die Erstattung der Kosten anlässlich von Dienstreisen gelten die jeweils gültigen steuerlichen Vorschriften sowie die Richtlinien der Gesellschaft, die insoweit Bestandteil dieses Vertrages sind.

Die Gesellschaft stellt Ihnen für die Dauer des Anstellungsvertrages einen angemessenen Dienstwagen - gemäß der bestehenden Dienstwagen-Richtlinie unserer Gesellschaft - zur Verfügung, der auch zu Privatfahrten benutzt werden kann. Betriebs- und Unterhaltungskosten trägt die Gesellschaft. Die Versteuerung des Vorteils für die private Nutzung übernehmen Sie.

Fringe benefits

Reimbursement of expenses incurred on business trips shall be governed by the applicable tax regulations and by the rules of the company, which in this respect are a constituent part of this contract.

In accordance with the company's car policy in force, the company will provide a suitable company car for the duration of employment, which may also be used privately. Operating and maintenance costs will be defrayed by the company. Payment of tax on the benefit in money value for private use will be your responsibility.

Die Gesellschaft schließt zu Ihren Gunsten eine Unfallversicherung mit folgenden Deckungssummen ab:

für den Todesfall **€ 512.000,00**
für den Invaliditätsfall **€ 512.000,00**

Die Versicherung deckt sowohl private als auch berufliche Unfälle ab (24 Stunden/Tag). Sie erlischt mit dem Tage Ihres Ausscheidens aus den Diensten der Gesellschaft.

The company will take out accident insurance to your benefit with the following sums insured:

in case of death **€ 512,000.00**
in case of invalidity **€ 512,000.00**

The insurance covers both private and job-relating accidents (24 hours/day). The insurance will expire on the date of your leaving the service of the company.

Urlaub

Sie haben Anspruch auf einen bezahlten Jahresurlaub von dreißig (30) Arbeitstagen.

Holiday

You shall be entitled to thirty (30) working days' annual paid holiday.

Nebentätigkeit

Sie verpflichten sich, Ihre ganze Arbeitskraft in den Dienst der Gesellschaft zu stellen.

Die Übernahme jeder auf Erwerb gerichteten Nebentätigkeit bedarf der ausdrücklichen Zustimmung der Gesellschaft. Dies gilt auch für die Mitwirkung in Aufsichtsorganen einer anderen Gesellschaft. Die Zustimmung wird erteilt, sofern nicht berechnete betriebliche Interessen entgegen- stehen.

Veröffentlichungen und Vorträge bedürfen der Zustimmung der Geschäftsführung, als Interessen der Gesellschaft berührt werden.

Secondary occupation

You undertake to devote all your energies to the service of the company.

Before taking up any gainful secondary occupation the explicit consent of the company shall be required. This shall apply also to participation in supervisory bodies of another company. Consent will be given provided there is no conflict with legitimate internal interests.

Publications and presentations shall require the consent of management in so far as they affect the interests of the company.

Altersversorgung

Die betriebliche Altersversorgung wird in einem gesonderten Pensionsvertrag geregelt. Einzelheiten und genaue Bedingungen zur Altersversorgung werden dann gesondert ausgearbeitet und fester Bestandteil dieses Vertrages sein.

Geheimhaltung

Sie verpflichten sich, über alle Ihnen im Rahmen Ihrer Tätigkeit zur Kenntnis gelangenden betrieblichen Angelegenheiten, insbesondere Geschäfts- und Betriebsgeheimnisse, Stillschweigen zu bewahren. Diese Geheimhaltungspflicht dauert auch, soweit rechtlich zulässig, nach Beendigung des Dienstverhältnisses fort.

Company Pension

The company Pension Scheme will be covered by a separate pension contract. Details and precise conditions of the retirement pension will be formulated separately and shall then be a firm part of this contract.

Confidentiality

You undertake to maintain secrecy about all internal matters, especially business and industrial secrets, of which you acquire knowledge during your work. This obligation of confidentiality will continue, so far as legally admissible, after cessation of employment.

Bei Beendigung Ihres Anstellungsverhältnisses geben Sie bitte eine schriftliche Erklärung darüber ab, daß sämtliche in Ihrem Besitz befindlichen Geschäftsunterlagen und -aufzeichnungen sowie auch betriebliche Materialien, Statistiken, Konstruktionszeichnungen etc. ordnungsgemäß zurückgegeben sind.

Upon cessation of your employment you shall be required to submit a written declaration to the effect that all business documents and records in your possession as well as working materials, statistics, design drawings etc. have been duly returned.

Vertragsdauer und Kündigung

Dieser Anstellungsvertrag ist auf unbestimmte Zeit geschlossen und kann beiderseitig mit einer Frist von 6 Monaten zum Monatsende gekündigt werden.

Die Kündigung dieses Vertrages bedarf von beiden Seiten der Schriftform.

Sollte die Kündigung durch die Honeywell Friction Materials International GmbH erfolgen, so ist die Firma berechtigt, Sie innerhalb der Kündigungsfrist von der Arbeit - unter Fortzahlung der Bezüge - freizustellen.

Zur Aufrechterhaltung ungekürzter Ansprüche auf Arbeitslosengeld sind Sie verpflichtet, sich spätestens 3 Monate vor Beendigung des Arbeitsverhältnisses persönlich bei der Agentur für Arbeit arbeitssuchend zu melden.

Ohne dass es einer Kündigung bedarf, endet das Anstellungsverhältnis mit Ablauf des Monats, in dem Sie eine ungeminderte Altersrente nach § 35, SGB VI in Anspruch nehmen können oder in dem Ihnen eine unbefristete Rente wegen vollständiger Erwerbsminderung zugewilligt wird oder Sie eine Altersrente, gleich aus welchem Rechtsgrund, beziehen.

Das Anstellungsverhältnis kann darüber hinaus aus wichtigem Grund gemäß § 626 Abs.1 BGB außerordentlich gekündigt werden.

Duration and termination

This employment contract shall continue for an indefinite term and may be terminated mutually subject to 6 full months' notice.

Notice of termination of this contract by either party must be given in writing.

If notice is given by Honeywell Friction Materials International GmbH, the company will be entitled to exempt you from work within the period of notice while continuing to pay your salary.

In order to maintain full rights to unemployment benefit you are obliged to report in person to the labour office as a job seeker 3 months before expiry of the contract at the latest.

Employment shall end, without need for notice, at the end of the month in which you will be able to call upon a not reduced pension, in accordance with § 35, SGB VI, or in which you will be allowed an unlimited pension due to full reduction in earning capacity or you will receive an old-age pension, no matter for which legal ground.

The company reserves the right of extraordinary termination for important reasons according to §626, article 1 German Civil Code (BGB).

Sofem in einem Zusammenhang die Betriebszugehörigkeit Bemessungsgrundlage für eine Leistung ist, wird Ihre bisherige Betriebszugehörigkeit zu einem Unternehmen des Federal-Mogul-Konzerns angerechnet. Ihre Betriebszugehörigkeit zu Federal-Mogul beginnt mit dem 5. März 2008.

If in any context the length of service is a basis for the assessment of a benefit, then your previous period of service with a company in the Federal-Mogul group shall be taken into account. Your seniority with Federal-Mogul starts from March 5th, 2008.

Die Gesellschaft verarbeitet die im Rahmen Ihres Anstellungsverhältnisses erhobenen persönlichen Daten zur vertragsgemäßen Abwicklung des Anstellungsvertrages. Hierzu zählt neben der Verarbeitung zu Abrechnungszwecken insbesondere die zu Verwaltungs- und Planungszwecken.

The company will process the personal data collected in the course of your employment so that the employment contract can be implemented in accordance with the contract terms. This will include processing data both for accounting purposes and especially for administrative and planning purposes.

Darüber hinaus können zur Abwicklung und Gestaltung des Anstellungsverhältnisses erforderliche persönliche Daten an im Rahmen der Matrix-Organisation zuständige Personen im globalen Konzernverbund weitergegeben werden.

Furthermore, personal data necessary for implementing and organizing your employment may be forwarded to responsible individuals within the matrix organization in the global corporate setup.

Die Gesellschaft behält sich vor, im Rahmen ihrer Organisation konzernangehörige Gesellschaften oder Externe mit der zentralen Erbringung von Dienstleistungen zu beauftragen, die auch den Umgang mit Ihren persönlichen Daten betreffen.

The company reserves the right as part of its organizational measures to arrange for Group member companies or external entities to provide services centrally which also involve handling your personal data.

Sie sind verpflichtet, alle Erfindungen, die Sie während der Dauer des Anstellungsverhältnisses machen, unverzüglich der Darlegung des Erfindungsgedankens schriftlich anzuzeigen. Erhalten Sie nicht innerhalb von vier Monaten nach Eingang der Erfindung eine schriftliche Mitteilung, ob wir die Erfindung für uns in Anspruch nehmen, so erhalten Sie damit das Verfügungsrecht. Im Einzelnen gelten die Bestimmungen, insbesondere auch hinsichtlich etwaigen Vergütungsanspruches.

Sie bestätigen, dass Sie von der Konzern bestehenden Integrity Policy Kenntnis nehmen werden (Button Intranet FM eWorld Federal-Mogul Info Corporate Compliance Policies and Procedures I. Integrity Policy German Integrity Policy & Certification Forms German Integritäts-Programm für FM Mitarbeiter.pdf Broschüre Integritäts-Programm für FM-Mitarbeiter). Sie erklären sich einverstanden, die jährliche Bestätigung elektronisch durchzuführen.

Schlussbestimmungen

Vereinbarungen außerhalb des Vertrages wurden nicht getroffen. Änderungen und Ergänzungen dieses Vertrages bedürfen zu ihrer Wirksamkeit der Schriftform.

Sollten einzelne Bestimmungen dieses Vertrages unwirksam sein oder werden, so berührt dies nicht die Gültigkeit der übrigen Bestimmungen. Anstelle evtl. Lücken des Vertrages sollte eine angemessene Regelung treten, die dem am nächsten kommt, was die Parteien nach ihrer wirtschaftlichen Zwecksetzung gewollt haben.

Die deutsche Fassung dieses Anstellungsvertrages ist bindend, unabhängig von der englischen Übersetzung.

Miscellaneous

No agreements outside of the contract have been made. Changes and additions to this contract must be in writing in order to be effective.

If any provisions of this contract are or become ineffective, this shall not affect the validity of the remaining provisions. Any omissions in the contract should be made good by the inclusion of a suitable provision which satisfies as closely as possible the economic intent of the parties.

The German version of this contract shall be controlling, irrespective of the English translation.

Honeywell

Friction Materials International GmbH Einverstanden / accepted:

Dr. Rainer Bostel Dr. Daniela Haller Martin Hendricks

Herr

Martin Hendricks
- im Hause -

30. Januar 2015

**ANSTELLUNGSVERTRAG
(Änderung)**

Sehr geehrter Herr Hendricks,

Ihr Anstellungsvertrag ändert sich wie folgt:

Pflichten und Verantwortung

Mit Wirkung vom 01.01.2015 werden Sie als President Global Braking and Regional President EMEA for Motorparts eingesetzt.

Der Dienstsitz ist Glinde.

Die Gesellschaft behält sich vor, das Tätigkeitsgebiet zu ändern oder zu ergänzen. Darüber hinaus kann Ihnen eine andere, vergleichbare Tätigkeit innerhalb des deutschen Federal-Mogul-Konzerns übertragen werden.

Bezüge

Als Vergütung für Ihre Tätigkeit erhalten Sie ein festes Jahresgehalt in Höhe von

€ 335.000,- brutto

(i. W. dreihundertfünfunddreizigtausend)

Das Gehalt wird nach Abzug der gesetzlichen Abgaben in 12 gleichen Teilbeträgen ausgezahlt.

**EMPLOYMENT CONTRACT
(Amendment)**

Dear Mr. Hendricks,

Your contract of employment will be amended as follows:

Duties and responsibility

With effect from January 1st, 2015, you will be employed as President Global Braking and Regional President EMEA for Motorparts.

The regular place of employment will be Glinde.

The company reserves the right to change or add to your duties. Furthermore, you may be assigned to another comparable position within the German Federal-Mogul group, involving transfer to another company.

Salary

As payment for your work you will receive a fixed annual salary of

€ 335.000,- gross

(say three hundred thirty five-thousand)

The salary shall be paid in 12 equal monthly parts after deduction of the statutory charges.

Schlussbestimmungen

Vereinbarungen außerhalb dieser Vertragsänderung wurden nicht getroffen. Im Übrigen gelten die Bestimmungen des Anstellungsvertrages vom 24.07.2014 fort.

Änderungen und Ergänzungen dieser Vertragsänderung bedürfen zu ihrer Wirksamkeit der Schriftform.

Sollten einzelne Bestimmungen dieser Vertragsänderung unwirksam sein oder werden, so berührt dies nicht die Gültigkeit der übrigen Bestimmungen. Anstelle evtl. Lücken des Vertrages sollte eine angemessene Regelung treten, die dem am nächsten kommt, was die Parteien nach ihrer wirtschaftlichen Zwecksetzung gewollt haben.

Die deutsche Fassung dieser Vertragsänderung ist bindend, unabhängig von der englischen Übersetzung.

Miscellaneous

No agreements outside of this contract amendment have been made. Incidentally the terms of the employment contract, from July 24th, 2014 are still valid.

Changes and additions to this contract amendment must be in writing in order to be effective.

If any provisions of this contract amendment are or become ineffective, this shall not affect the validity of the remaining provisions. Any omissions in the contract should be made good by the inclusion of a suitable provision which satisfies as closely as possible the economic intent of the parties.

The German version of this contract shall be controlling, irrespective of the English translation.

Friction Products International GmbH

Einverstanden / accepted:

Scott Pepin
SVP Global Human Resources

Christine Guffogg
VP Human Resources Braking

Martin Hendricks

CERTIFICATION

Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Daniel A. Ninivaggi, Co-Chief Executive Officer, Federal-Mogul Holdings Corporation (the "Company"), and Chief Executive Officer, Motorparts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Federal-Mogul Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation;
 - d) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2015

By: _____ /s/ Daniel A. Ninivaggi

Daniel A. Ninivaggi
Co-Chief Executive Officer, Federal-Mogul Holdings Corporation
Chief Executive Officer, Motorparts

CERTIFICATION

Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Rainer Jueckstock, Co-Chief Executive Officer, Federal-Mogul Holdings Corporation (the "Company"), and Chief Executive Officer, Powertrain, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Federal-Mogul Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation;
 - d) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2015

By: _____ /s/ Rainer Jueckstock

Rainer Jueckstock
Co-Chief Executive Officer, Federal-Mogul Holdings Corporation
Chief Executive Officer, Powertrain

CERTIFICATION

Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Rajesh Shah, the Chief Financial Officer of Federal-Mogul Holdings Corporation (the “Company”), certify that:

1. I have reviewed this quarterly report on Form 10-Q of Federal-Mogul Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation;
 - d) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation;
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 29, 2015

By: _____ /s/ Rajesh Shah

Rajesh Shah
Senior Vice President
Chief Financial Officer

CERTIFICATION

Pursuant to 18 United States Code § 1350 and
Rule 13a-14(b) of the Securities Exchange Act of 1934

The Undersigned hereby certifies that to his knowledge the quarterly report on Form 10-Q of Federal-Mogul Holdings Corporation (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: April 29, 2015

By: _____ /s/ Daniel A. Ninivaggi

Daniel A. Ninivaggi
Co-Chief Executive Officer, Federal-Mogul Holdings Corporation
Chief Executive Officer, Motorparts

By: _____ /s/ Rainer Jueckstock

Rainer Jueckstock
Co-Chief Executive Officer, Federal-Mogul Holdings Corporation
Chief Executive Officer, Powertrain

By: _____ /s/ Rajesh Shah

Rajesh Shah
Senior Vice President
Chief Financial Officer