DANA HOLDING CORP
Form 10-K
February 24, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

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

For the Fiscal Year Ended: December 31, 2010

Commission File Number: 1-1063

Dana Holding Corporation

(Exact name of registrant as specified in its charter)

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

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

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

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

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

None

(Title of Class)

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

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

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 x No o

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

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

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant, computed by reference to the average high and low trading prices of the common stock as of the closing of trading on June 30, 2010, was approximately $1,438,000,000.

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

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 x No o

APPLICABLE ONLY TO CORPORATE ISSUERS:

There were 144,909,664 shares of the registrant s common stock outstanding at February 14, 2011.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the Annual Meeting of Stockholders to be held on May 4, 2011 are incorporated by reference into Part III.

DANA HOLDING CORPORATION FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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Forward-Looking Information

Statements in this report (or otherwise made by us or on our behalf) that are not entirely historical constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are indicated by words such as anticipates, expects, believes, intends, plans, esti projects and similar expressions. These statements represent the present expectations of Dana Holding Corporation and its consolidated subsidiaries (Dana) based on our current information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Our plans, actions and actual results could differ materially from our present expectations due to a number of factors, including those discussed below and elsewhere in this annual report on Form 10-K and in our other filings with the Securities and Exchange Commission (SEC). All forward-looking statements speak only as of the date made and we undertake no obligation to publicly update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this report.

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PART I
(Dollars in millions, except per share amounts)

Item 1. Business

General

Dana is headquartered in Maumee, Ohio and was incorporated in Delaware in 2007. As a leading supplier of driveline products (axles, driveshafts and transmissions), power technologies (sealing and thermal-management products) and genuine service parts for light and heavy vehicle manufacturers world-wide, our customer base includes virtually every major vehicle manufacturer in the global light vehicle, medium/heavy vehicle and off-highway markets. As of December 31, 2010, we employed approximately 22,500 people, operated in 26 countries and owned or leased 92 major facilities around the world.

As a result of Dana Corporation s emergence from Chapter 11 of the U.S. Bankruptcy Code (Chapter 11) on January 31, 2008 (the Effective Date), Dana became the successor registrant to Dana Corporation (Prior Dana) pursuant to Rule 12g-3 under the Securities Exchange Act of 1934. The terms Dana, we, our and us, when used in this report w respect to the period prior to Dana Corporation s emergence from Chapter 11, are references to Prior Dana and when used with respect to the period commencing after Dana Corporation s emergence, are references to Dana. These references include the subsidiaries of Dana, as the case may be, unless otherwise indicated or the context requires otherwise.

Bankruptcy proceedings Prior Dana and forty of its wholly-owned subsidiaries (collectively, the Debtors) operated their businesses as debtors in possession under Chapter 11 from March 3, 2006 (the Filing Date) until emergence from Chapter 11 on the Effective Date pursuant to the Third Amended Joint Plan of Reorganization of Debtors and Debtors in Possession (as modified the Plan). In connection with our emergence from Chapter 11, we adopted fresh start accounting effective February 1, 2008. The financial statements for the periods ended prior to January 31, 2008 do not include the effect of any changes in our capital structure or changes in the fair value of assets and liabilities as a result of fresh start accounting. The eleven months ended December 31, 2008 and the one month ended January 31, 2008 are distinct reporting periods as a result of our emergence from Chapter 11 on January 31, 2008. References in certain analyses of sales and other results of operations combine the two periods in order to provide additional comparability of such information.

Bankruptcy claims resolution During the course of our Chapter 11 proceedings, we successfully reached settlements with most of our creditors and resolved most pending claims against the Debtors. However, certain significant matters remain to be resolved in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). See Note 23 to our consolidated financial statements in Item 8 for further details. Although the allowed amount of certain disputed claims has not yet been determined, our liability associated with these disputed claims was discharged upon our emergence from Chapter 11. Therefore, the future resolution of these disputed claims will not have an impact on our results of operations or financial condition.

Overview of our Business

Markets

We serve three primary markets:

Light vehicle market In the light vehicle market, we design, manufacture and sell light axles, driveshafts, structural products, sealing products, thermal products and related service parts for light trucks, sport utility vehicles (SUVs), crossover utility vehicles (CUVs), vans and passenger cars.

Medium/heavy market In the medium/heavy vehicle market, we design, manufacture and sell axles, driveshafts, chassis and side rails, ride controls and related modules and systems, engine sealing products, thermal products and related service parts for medium- and heavy-duty trucks, buses and other commercial vehicles.

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Off-Highway market In the off-highway market, we design, manufacture and sell axles, transaxles, driveshafts, suspension components, transmissions, electronic controls, related modules and systems, sealing products, thermal products and related service parts for construction machinery and leisure/utility vehicles and outdoor power, agricultural, mining, forestry and material handling equipment and a variety of non-vehicular, industrial applications.

Segments

Senior management and our Board of Directors currently review our operations in five operating segments:

Three product-based operating segments sell primarily into the light vehicle market: Light Vehicle Driveline (LVD), Power Technologies and Structural Products (Structures). Most of the operations of Structures were divested in March 2010. Sales in these light vehicle businesses totaled $3,634 in 2010, with Ford Motor Company (Ford), Hyundai Motor Group (Hyundai), Nissan Motor Company (Nissan), General Motors Corp. (GM) and Chrysler Corporation (Chrysler) among the largest customers. At December 31, 2010, these segments employed approximately 14,500 people and had 59 major facilities in 20 countries.

Two operating segments serve the medium/heavy vehicle markets: Commercial Vehicle and Off-Highway. In 2010, these segments generated sales of $2,475. In 2010, the largest Commercial Vehicle customers were PACCAR Inc (PACCAR), Daimler AG, Navistar International Corporation and Oshkosh Corporation. The largest Off-Highway customers included Deere & Company, AGCO Corporation, Fiat Group and Sandvik Ab. At December 31, 2010, these two segments employed approximately 7,000 people and had 29 major facilities in 13 countries.

In addition to the operating segments, there are two additional major facilities providing administrative services and two engineering facilities supporting multiple segments. At December 31, 2010, corporate and other support staff totaled approximately 1,000.

Our operating segments manufacture and market classes of similar products as shown below. See Note 20 to our consolidated financial statements in Item 8 for financial information on all of these operating segments.

	Percent of Consolidated Sales			Products	Market
Segment	2010	2009	2008		
LVD	41%	38%	34%	Front and rear axles, driveshafts, differentials, torque couplings and modular assemblies	Light vehicle
Power Technologies	15	14	12	Gaskets, cover modules, heat shields, engine sealing systems, cooling and heat transfer products	Light vehicle, medium/heavy vehicle and off-highway
Commercial Vehicle	22	21	21	Axles, driveshafts, steering shafts, suspensions and tire management systems	Medium/heavy vehicle
Off-Highway	19	16	22	Axles, transaxles, driveshafts and end-fittings, transmissions, torque converters and electronic controls	Off-highway
Structures	3	11	11	Frames, cradles and side rails	Light and medium/heavy vehicle

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Acquisitions and Divestitures

Dongfeng Dana Axle In June 2007, our subsidiary Dana Mauritius Limited (Dana Mauritius) purchased 4% of the registered capital of Dongfeng Dana Axle Co., Ltd. (DDAC), a commercial vehicle axle manufacturer in China formerly known as Dongfeng Axle Co., Ltd., from Dongfeng Motor Co., Ltd. (Dongfeng Motor) and certain of its affiliates for $5. Our subsidiary, Dana Hong Kong agreed, subject to certain conditions, to purchase Dana Mauritius 4% interest and, subject to certain conditions, to purchase an additional 46% equity interest in DDAC. We signed a definitive agreement to increase our investment in DDAC in February 2011. We expect that the increase in our investment will occur in the second quarter of 2011, at which time we expect to make a payment approximating $120.

SIFCO In February 2011, we completed a transaction with SIFCO S.A. (SIFCO), a leading producer of steer axles and forged components in South America. Through this transaction, we acquired the distribution rights to SIFCO s commercial vehicle steer axle systems and we are now responsible for all customer relationships, including marketing, sales, engineering and assembly. The addition of truck and bus steer axles to our product offering in South America effectively positions us as the leading full-line supplier of commercial vehicle drivelines, including front and rear axles, driveshafts and suspension systems. In return for payment of $150 to SIFCO, we obtained an exclusive, long-term supply agreement to ensure supply of key driveline components.

Structural Products business In December 2009, we signed an agreement to sell substantially all of the assets of our Structural Products business to Metalsa S.A. de C.V. (Metalsa), the largest vehicle frame and structures supplier in Mexico. We completed the sale in 2010 for a selling price of $147. We received cash proceeds of $118 during 2010 and expect to receive all but $1 of the remainder in 2011. Following the recognition of $150 of impairment and accrual of $11 of transaction expense in the fourth quarter of 2009, we recorded an additional $3 of loss in 2010 as a result of reducing the selling price and recorded additional tax expense of $3 in 2010.

See Item 7, Management s Discussion and Analysis of the Results of Operations, for additional information on these transactions.

Other divestitures The Board of Directors of Prior Dana approved the divestiture of our engine hard parts, fluid products and pump products operations in 2005 and we reported these businesses as discontinued operations through their respective dates of divestiture. Substantially all of these operations were sold prior to 2008. See Note 22 to our consolidated financial statements in Item 8 for additional information on discontinued operations.

During the latter part of 2008 and early 2009, we evaluated a number of strategic options in our non-driveline light vehicle businesses. We incurred costs of $5 and $10 during 2009 and 2008 in connection with the evaluation of these strategic options, primarily for professional fees, which we recorded in other income, net.

Other agreements In August 2007, we executed an agreement relating to two joint ventures with GETRAG Getriebe-und Zahnradfabrik Hermann Hagenmeyer GmbH & Cie KG (GETRAG). This agreement included the grant of a call option to GETRAG to acquire our interests in these joint ventures for $75 and our payment of GETRAG claims of $11 under certain conditions. We recorded the $11 claim in liabilities subject to compromise and as an expense in other income, net in the second quarter of 2007. In September 2008, we amended our agreement with GETRAG and reduced the call option purchase price to $60, extended the call option exercise period to September 2009 and eliminated the $11 liability. As a result of the reduced call price, we recorded an asset impairment charge of $15 in the third quarter of 2008 in equity in earnings of affiliates. Following the expiration of the call in September 2009, we began recognizing our interest in the results of GETRAG as equity in earnings of affiliates.

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Geographic Operations

We maintain administrative and operational organizations in four regions North America, Europe, South America and Asia Pacific to facilitate financial and statutory reporting and tax compliance on a worldwide basis and to support our business units with regional market, customer and product strategies, assistance with business plan execution and management of affiliate relations. Our operations are located in the following countries:

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

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

Sales reported by our non-U.S. subsidiaries comprised $3,434 of our 2010 consolidated sales of $6,109. A summary of sales and long-lived assets by geographic region can be found in Note 20 to our consolidated financial statements in Item 8.

Customer Dependence

We have thousands of customers around the world and have developed long-standing business relationships with many of them. Our segments in the automotive markets are largely dependent on light vehicle Original Equipment Manufacturer (OEM) customers, while our Commercial Vehicle and Off-Highway segments have a broader and more geographically diverse customer base, including machinery and equipment manufacturers in addition to medium- and heavy-duty vehicle OEM customers.

Ford was the only individual customer accounting for 10% or more of our consolidated sales in 2010. As a percentage of total sales from continuing operations, our sales to Ford were approximately 19% in 2010, 20% in 2009 and 17% in 2008 and our sales to PACCAR, our second largest customer, were approximately 5% in 2010, 2009 and 2008.

Hyundai, Nissan and GM were our third, fourth and fifth largest customers in 2010. Our top 10 customers collectively accounted for approximately 53% of our revenues in 2010.

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

Sources and Availability of Raw Materials

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

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

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High steel and other raw material costs have had a major adverse effect on our results of operations in the past. However, during the past few years, we successfully implemented pricing agreements with many of our customers providing adjustments for significant increases or decreases in steel and certain other raw materials costs. Where formal agreements are not in place, we have generally been successful in the past in implementing price adjustments to compensate for inflationary material cost increases. Adjustments may not result in full recovery of cost increases and there may be time lags in recovery of these costs.

Seasonality

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

Backlog

Our products are generally not sold on a backlog basis since most orders may be rescheduled or modified by our customers at any time. Our product sales are dependent upon the number of vehicles that our customers actually produce as well as the timing of such production. A substantial amount of the new business we are awarded by OEMs is granted well in advance of a program launch. These awards typically extend through the life of the given program. We estimate future revenues from new business on the projected volume under these programs.

Competition

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

Light vehicle market The principal LVD competitors include ZF Friedrichshafen AG (ZF Group), GKN plc (GKN), American Axle & Manufacturing Holdings, Inc. (American Axle), Magna International Inc. (Magna), Wanxiang Group Corporation, Hitachi Automotive Systems LTD., IFA Group (acquired Rotarian GmbH), GETRAG and the captive and vertically integrated operations of various truck and auto manufacturers (e.g., Chrysler and Ford).

Our principal Power Technologies competitors include ElringKlinger Ag, Federal-Mogul Corporation, Freudenberg NOK Group, Behr GmbH & Co. KG, Mahle GmbH, Modine Manufacturing Company, Valeo Group, YinLun Co., LTD and Denso Corporation.

Medium/heavy vehicle market Our principal Commercial Vehicle competitors include ArvinMeritor, American Axle, Hendrickson (a subsidiary of the Boler Group), Klein Products Inc. and OEMs vertically integrated operations. Power Technologies competitors in this market are the same as in the light vehicle market.

Off-highway market Our major competitors in the Off-Highway segment include Carraro Group, ZF Group, GKN, Kessler + Co. and certain OEMs vertically integrated operations. Power Technologies competition in this market is similar to their competition in the other markets above.

Intellectual Property

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

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

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Engineering and Research and Development

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

We engage in ongoing engineering and research and development activities to improve the reliability, performance and cost-effectiveness of our existing products and to design and develop innovative products that meet customer requirements for new applications. We are integrating related operations to create a more innovative environment, speed product development, maximize efficiency and improve communication and information sharing among our research and development operations. At December 31, 2010, we had five major technical centers with additional research and development activities carried out at ten additional sites. Our research and development costs were $50 in 2010, $44 in 2009 and $60 for the full year of 2008. Total engineering expenses including research and development were $132 in 2010, $119 in 2009 and $193 for the full year of 2008.

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

Employment

Our worldwide employment was approximately 22,500 at December 31, 2010.

Environmental Compliance

We make capital expenditures in the normal course of business as necessary to ensure that our facilities are in compliance with applicable environmental laws and regulations. The cost of environmental compliance has not been a material part of capital expenditures and did not have a material adverse effect on our earnings or competitive position in 2010.

In connection with our Chapter 11 reorganization, we settled certain pre-petition claims related to environmental matters. See the discussion of contingencies in Note 15 to our consolidated financial statements in Item 8.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (Exchange Act) are available, free of charge, on or through our Internet website (*http://www.dana.com/investors*) as soon as we file such materials with, or furnish them to, the SEC. We also post our *Corporate Governance Guidelines, Standards of Business Conduct for Members of the Board of Directors*, Board Committee membership lists and charters, *Standards of Business Conduct* and other corporate governance materials at this website address. Copies of these posted materials are available in print, free of charge, to any stockholder upon request from: Investor Relations, Dana

Holding Corporation, P.O. Box 1000, Maumee, Ohio 43537, or via telephone in the U.S. at 800-472-8810 or e-mail at InvestorRelations@dana.com. The inclusion of our website address in this report is an inactive textual reference only and is not intended to include or incorporate by reference the information on our website into this report.

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Item 1A. Risk Factors

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

Risk Factors Related to the Markets We Serve

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

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

While we expect a continuing economic recovery in 2011, negative economic conditions such as rising fuel prices could adversely impact our business. Adverse developments in these conditions could reduce demand for new vehicles, causing our customers to reduce their vehicle production in North America and, as a result, demand for our products would be adversely affected.

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

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

We are reliant upon sales to several significant customers. Sales to our ten largest customers accounted for 53% of our overall revenue in 2010. Changes in our business relationships with any of our large customers or in the timing, size and continuation of their various programs could have a material adverse impact on us.

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

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

We operate in 26 countries around the world and we depend on significant foreign suppliers and customers. Further, we have several growth initiatives that are targeting emerging markets like China and India. Legislative and political activities within the countries where we conduct business, particularly in emerging markets and less developed countries, could adversely impact our ability to operate in those countries. The political situation in a number of countries in which we operate could create instability in our contractual relationships with no effective legal safeguards for resolution of these issues, or potentially result in the seizure of our assets.

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

Approximately 56% of our sales in 2010 were from operations located in countries other than the U.S. Currency variations can have an impact on our results (expressed in U.S. dollars). Currency variations can also adversely affect margins on sales of our products in countries outside of the U.S. and margins on sales of products that include components obtained from affiliates or other suppliers located outside of the U.S. While the U.S. dollar has generally weakened over the past year, strengthening of the U.S. dollar against the euro and many other currencies of countries in which we have operations could adversely affect our results reported in U.S. dollars. We use a combination of natural hedging techniques and financial derivatives to mitigate foreign currency exchange rate risks. Such hedging activities may be ineffective or may not offset more than a portion of the adverse financial impact resulting from currency variations.

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

It is anticipated that the number and extent of governmental regulations related to fuel economy standards and greenhouse gas emissions, and the costs to comply with them, will increase significantly in the future. In the U.S., the Energy Independence and Security Act of 2007 requires significant increases in the Corporate Average Fuel Economy (CAFE) requirements applicable to cars and light trucks beginning with the 2011 model year. In addition, a growing number of states are adopting regulations that establish carbon dioxide emission standards that effectively impose similarly increased fuel economy standards for new vehicles sold in those states. Compliance costs for our customers could require them to alter their spending, research and development plans, curtail sales, cease production or exit certain market segments characterized by lower fuel efficiency. Any of these actions could adversely affect our financial position and results of operations.

Company-Specific Risk Factors

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

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

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

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

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

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

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

We continue to work with our customers to recover a greater portion of our material cost increases. While we have achieved some success in these efforts to date, there is no assurance that commodity costs will not adversely impact our profitability in the future.

We could be adversely affected if we experience shortages of components from our suppliers.

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

We will be engaging in acquisitions and joint ventures in the future and we could encounter unexpected difficulties integrating those businesses.

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

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

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

There is also no assurance that the costs of complying with current laws and regulations, or those that may be adopted in the future, that relate to health, safety and product liability matters will not adversely impact us. There is also a risk of warranty and product liability claims, as well as product recalls, in the commercial, off-highway and light vehicle markets, if our products fail to perform to specifications or cause property damage, injury or death. (See Notes 16 and 18 of our consolidated financial statements in Item 8 for additional information on warranties.)

We participate in certain multiemployer pension plans which are not fully funded.

We contribute to certain multiemployer defined benefit pension plans for our union-represented employees in the U.S. in accordance with our collective bargaining agreements. Contributions are based on hours worked except in cases of layoff or leave where we generally contribute based on 40 hours per week for a maximum of one year. The plans are not fully funded as of December 31, 2009, the last date for which data is available. We could be held liable to the plans for our obligation, as well as those of other employers due to our participation in the plans. Contribution rates could increase if the plans are required to adopt a funding improvement plan, if the performance of plan assets does not meet expectations, or as a result of future collectively-bargained wage and benefit agreements.

Risk Factors Related to our Securities

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

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

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Item 1B. Unresolved Staff Comments

-None-

Item 2. Properties

Type of Facility	North America	Europe	South America	Asia/ Pacific	Total
Administrative Offices	2				2
Engineering Multiple Groups	1			1	2
LVD					
Manufacturing/Distribution	15	3	7	12	37
Power Technologies					
Manufacturing/Distribution	14	4		1	19
Engineering	2				2
Structures					
Manufacturing/Distribution	1				1
Commercial Vehicle					
Manufacturing/Distribution	9	4	1	2	16
Engineering	1				1
Off-Highway					
Manufacturing/Distribution	3	7		2	12
Total Dana	48	18	8	18	92

As of December 31, 2010, we operated in 26 countries and had 92 major manufacturing/distribution, engineering and office facilities. We lease 32 of these manufacturing and distribution operations and a portion of 2 others and own the remainder of our facilities. We believe that all of our property and equipment is properly maintained.

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

Item 3. Legal Proceedings

As discussed above, we emerged from Chapter 11 on January 31, 2008. Pursuant to the Plan, the pre-petition ownership interests in Prior Dana were cancelled and all of the pre-petition claims against the Debtors were addressed in connection with our emergence from Chapter 11. Certain pre-petition claims still await resolution in the Bankruptcy Court. See Note 23 to our consolidated financial statements in Item 8 for further details. Although the allowed amount of certain disputed claims has not yet been determined, our liability associated with these disputed claims was discharged upon our emergence from Chapter 11. Therefore, the future resolution of these disputed claims will not have an impact on our results of operations or financial condition.

As previously reported and as discussed in Note 15 to our consolidated financial statements in Item 8, we are a party to various pending judicial and administrative proceedings that arose in the ordinary course of business.

After reviewing the currently pending lawsuits and proceedings (including the probable outcomes, reasonably anticipated costs and expenses and our established reserves for uninsured liabilities), we do not believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

Item 4. [Reserved]

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PART II

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

Market information Our common stock trades on the New York Stock Exchange (NYSE) under the symbol DAN. The following table shows the high and low sales prices of our common stock as reported by the NYSE for each of our fiscal quarters during 2010 and 2009.

	2010		2009	
	High	Low	High	Low
Fourth quarter	$ 17.99	$ 12.06	$ 11.25	$ 5.35
Third quarter	12.79	8.95	7.44	1.17
Second quarter	14.10	9.27	2.75	0.44
First quarter	13.30	9.22	1.16	0.19

Holders of common stock Based on reports by our transfer agent, there were approximately 4,528 registered holders of our common stock on February 11, 2011.

Stockholder return The following graph shows the cumulative total stockholder return for our common stock during the period from February 1, 2008 to December 31, 2010. Five-year historical data is not presented since we emerged from Chapter 11 on January 31, 2008 and the stock performance of Dana is not comparable to the stock performance of Prior Dana. The graph also shows the cumulative returns of the S&P 500 Index and the Dow Jones US Auto Parts Index. The comparison assumes $100 was invested at the closing price on February 1, 2008 (the date our new common stock began trading on the NYSE). Each of the indices shown assumes that all dividends paid were reinvested.

Performance chart

Index

	2/1/08	12/31/08	12/31/09	12/31/10
Dana Holding Corporation	$ 100.00	$ 5.83	$ 85.35	$ 135.51
S&P 500	100.00	67.02	84.76	97.52
Dow Jones US Auto Parts	100.00	50.83	75.84	119.96

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Dividends We did not declare or pay any common stock dividends during 2010 or 2009.

Issuer s purchases of equity securities The following table presents information with respect to repurchases of common stock made by us during the quarter ended December 31, 2010. These shares were delivered to us by employees as payment for withholding taxes due upon the distribution of stock awards.

Period		Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
10/1/10	10/31/10	1,322	$ 12.98		
11/1/10	11/30/10	183,702	14.57		
12/1/10	12/31/10	5,949	15.86		

Annual meeting We will hold an annual meeting of stockholders on May 4, 2011.

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Item 6. Selected Financial Data

(In millions except per share amounts)	Dana Years Ended December 31, 2010	2009	Eleven Months Ended December 31, 2008	Prior Dana One Month Ended January 31, 2008	Years Ended December 31, 2007	2006
Net sales	$6,109	$5,228	$ 7,344	$751	$8,721	$8,504
Income (loss) from continuing operations before income taxes	$35	$(454)	$ (549)	$914	$(387)	$(571)
Income (loss) from continuing operations	$14	$(436)	$ (667)	$717	$(423)	$(611)
Loss from discontinued operations			(4)	(6)	(118)	(121)
Net income (loss)	14	(436)	(671)	711	(541)	(732)
Less: Noncontrolling interests net income (loss)	4	(5)	6	2	10	7
Net income (loss) attributable to the parent company	$10	$(431)	$ (677)	$709	$(551)	$(739)
Income (loss) per share from continuing operations available to parent company stockholders						
Basic	$(0.16)	$(4.19)	$ (7.02)	$4.77	$(2.89)	$(4.11)
Diluted	$(0.16)	$(4.19)	$ (7.02)	$4.75	$(2.89)	$(4.11)
Loss per share from discontinued operations attributable to parent company stockholders						
Basic	$	$	$ (0.04)	$(0.04)	$(0.79)	$(0.81)
Diluted	$	$	$ (0.04)	$(0.04)	$(0.79)	$(0.81)
Net income (loss) per share available to parent company stockholders						
Basic	$(0.16)	$(4.19)	$ (7.06)	$4.73	$(3.68)	$(4.92)
Diluted	$(0.16)	$(4.19)	$ (7.06)	$4.71	$(3.68)	$(4.92)
Cash dividends per common share	$	$	$	$	$	$
Common Stock Data						
Average common shares outstanding						
Basic	141	110	100	150	150	150
Diluted	141	110	100	150	150	150
Stock price						
High	$17.99	$11.25	$ 13.30		$2.51	$8.05
Low	$8.95	$0.19	$ 0.34		$0.02	$0.65

Note: Information for Prior Dana is not comparable to the information shown for Dana due to our emergence from Chapter 11 on January 31, 2008.

	As of December 31,				
	Dana			Prior Dana	
	2010	2009	2008	2007	2006
Summary of Financial Position					
Total assets	$5,099	$ 5,154	$ 5,607	$6,425	$ 6,664
Short-term debt	$167	$ 34	$ 70	$1,183	$ 293
Long-term debt	$780	$ 969	$ 1,181	$19	$ 722
Liabilities subject to compromise				$3,511	$ 4,175
Preferred stock	$762	$ 771	$ 771	$	$
Common stock, additional paid-in-capital, accumulated deficit and accumulated other comprehensive loss	923	908	1,257	(782)	(834)
Total parent company stockholders equity (deficit)	$1,685	$ 1,679	$ 2,028	$(782)	$ (834)
Book value per share	$11.97	$ 15.24	$ 20.28	$(5.22)	$ (5.55)

Note: Information for Prior Dana is not comparable to the information shown for Dana due to our emergence from Chapter 11 on January 31, 2008.

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

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

Management Overview

Dana is headquartered in Maumee, Ohio and was incorporated in Delaware in 2007. As a leading supplier of driveline products (axles, driveshafts and transmissions), power technologies (sealing and thermal-management products) and genuine service parts for light and heavy vehicle manufacturers world-wide, our customer base includes virtually every major vehicle manufacturer in the global light vehicle, medium/heavy vehicle and off-highway markets. At December 31, 2010, we employed approximately 22,500 people, operated in 26 countries and had 92 major manufacturing/distribution, engineering and office facilities around the world.

We are committed to continuing to diversify our product offerings, customer base and geographic footprint and minimizing our exposure to individual market and segment declines. In 2010, 48% of our revenue came from North American operations and 52% from operations throughout the rest of the world. Light vehicle products (including Power Technologies and Structures) accounted for 59% of our global revenues, with commercial vehicle and off-highway products representing 41%.

Business Strategy

During the past three years, we have significantly improved our financial condition reducing debt, raising additional equity, improving the profitability of customer programs, eliminating structural costs and reducing working capital investment. We have also strengthened our leadership team and streamlined our operating segments to focus on our core light vehicle driveline and power technologies businesses and our heavy vehicle on-highway commercial and off-highway businesses. As a result, we believe that we are well-positioned to put increasing focus on profitable growth.

While we intend to continue aggressively reducing cost and streamlining our business operations, our future strategy includes several growth initiatives directed at strengthening the competitiveness of our products, geographic expansion, aftermarket opportunities and selective acquisitions.

Strengthening the competitiveness of our products Additional engineering and operational investment is being channeled into reinvigorating our product portfolio and capitalizing on technology advancement

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opportunities. In 2010, we combined our light and heavy vehicle products North American engineering centers allowing us the opportunity to better share technologies among our businesses. We are constructing a new engineering facility in India that more than doubles our engineering presence in that country. This facility will house state-of-the-art design and test capabilities that globally support each of our businesses.

Geographic expansion Although there are growth opportunities in each region, we will be focused on the Asia Pacific region, especially India and China. In addition to the new engineering facility referenced above, India is nearing completion of a new hypoid gear manufacturing facility which is scheduled to begin production in the first half of 2011. The additional investment in our China-based joint venture with Dongfeng significantly increases our commercial vehicle driveline presence in the region. We have experienced considerable success in the China off-highway and industrial markets and believe that there is considerable opportunity for future growth. Similar to India, we are directing additional investment in our engineering capabilities in China.

Aftermarket opportunities We have established a global group dedicated to identifying and developing aftermarket growth opportunities that leverage the capabilities within our existing businesses targeting future aftermarket revenues of 20% of consolidated sales.

Selective acquisitions Our current acquisition focus is to identify bolt-on acquisition opportunities that have strategic fit with our existing businesses, particularly opportunities that would support the other growth initiatives discussed above and enhance the value proposition of our customer product offerings. Any potential acquisition will be evaluated in the same manner we currently consider customer program opportunities with a disciplined financial approach designed to ensure profitable growth.

Sale of the Structural Products Business

We closed on the sale of substantially all of our Structural Products business except for the operations in Venezuela in March 2010 and completed the divestiture in Venezuela in December 2010. We received cash proceeds of $118 during the year, excluding amounts related to the working capital adjustment and tooling and reduced outstanding debt under our term facility by $77. Approximately $30 remains receivable at the end of 2010 under the agreement, including $15 related to an earn-out provision, $8 held in escrow and $5 of deferred proceeds. The earn-out payment vested in January 2011 and is to be paid by Metalsa in February 2011. All but $1 of the remaining $15 is expected to be received before the fourth quarter of 2011. In 2010, we recorded an additional pre-tax loss of $3, resulting from a price adjustment negotiated prior to the March close and we recorded additional tax expense of $3.

In connection with the sale, leases covering three U.S. facilities were assigned to a U.S. affiliate of Metalsa. Under the terms of the sale agreement, Dana will guarantee the affiliate s performance under the leases which run through June 2025 including approximately $6 of annual payments. In the event of a required payment by Dana as guarantor, Dana is entitled to pursue full recovery from Metalsa of the amounts paid under the guarantee and to take possession of the leased property.

Acquisitions

In June 2007, our subsidiary Dana Mauritius purchased 4% of the registered capital of DDAC, a commercial vehicle axle manufacturer in China formerly known as Dongfeng Axle Co., Ltd., from Dongfeng Motor and certain of its affiliates for $5. Dana Hong Kong has agreed, subject to certain conditions, to purchase the original 4% investment and an additional 46% equity interest in DDAC. We signed a definitive agreement to increase our investment in DDAC in February 2011 and will make a payment approximating $120 at closing once the transaction receives the approval of the Chinese government, which is expected in the second quarter of 2011.

In connection with our increase in ownership, DDAC entered into a contingent consideration arrangement with a Dongfeng Motor affiliate that provides for reductions in the selling price of goods sold by DDAC to such affiliate for a period of up to four years if the earnings of DDAC surpass specified targets. Dana s share of DDAC s earnings could be reduced by an amount not to exceed $20. We have concluded that this reduction comprises contingent consideration, the fair value of which will be determined at closing, recorded as a liability and amortized to equity in earnings of affiliates over the term of the arrangement.

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In February 2011, we completed a transaction with SIFCO, a leading producer of steer axles and forged components in South America. Through this transaction, we acquired the distribution rights to SIFCO s commercial vehicle steer axle systems and we are now responsible for all customer relationships, including marketing, sales, engineering and assembly. The addition of truck and bus steer axles to our product offering in South America effectively positions us as the leading full-line supplier of commercial vehicle drivelines including front and rear axles, driveshafts and suspension systems. In return for payment of $150 to SIFCO, we obtained an exclusive, long-term supply agreement to ensure supply of key driveline components. Additionally, SIFCO will provide selected assets and assistance to Dana to establish, in the near term, assembly capabilities for these systems. At current production levels, this arrangement is expected to generate annual sales of approximately $350. We expect to account for this transaction as a business combination, with the purchase price expected to be allocable predominately to fixed assets and intangible assets.

Segments

We manage our operations globally through five operating segments. Our operations serving the light vehicle market primarily support light vehicle OEMs with products for light trucks, SUVs, CUVs, vans and passenger cars. The operating segments in the light vehicle markets are LVD, Power Technologies and Structures. Substantially all of the Structures business was sold in the first quarter of 2010.

The reporting of our operating segment results was reorganized in the first quarter of 2010 in line with our management structure as the Sealing and Thermal segments were combined into the Power Technologies segment and our Brazilian driveshaft operations were moved from LVD to Commercial Vehicle. The results of these segments have been retroactively adjusted to conform to the current reporting structure.

Two operating segments, Commercial Vehicle and Off-Highway, support the OEMs of medium-duty (Classes 5 7) and heavy-duty (Class 8) commercial vehicles (primarily trucks and buses) and off-highway vehicles (primarily wheeled vehicles used in construction and agricultural applications).

Trends in Our Markets

Global Vehicle Production

	Dana 2011 Outlook	Actual 2010	2009	2008
North America				
Light Vehicle (Total)	12,600 to 13,000	11,912	8,550	12,650
Light Truck (excl. CUV/Minivan)	3,500 to 3,700	3,520	2,330	3,330
Medium Truck (Classes 5 7)	120 to 150	116	97	157
Heavy Truck (Class 8)	235 to 245	152	116	196
Europe (including E. Europe)				
Light Vehicle	18,300 to 18,800	18,732	16,300	21,260
Medium/Heavy Truck	330 to 350	325	298	749
South America				
Light Vehicle	4,200 to 4,400	4,140	3,650	3,800
Medium/Heavy Truck	215 to 230	191	115	173
Asia Pacific				

Light Vehicle	35,000 to 37,000	34,662	28,500	28,700
Medium/Heavy Truck	1,400 to 1,550	1,437	1,089	1,355
Off-Highway Global (year-over-year)				
Agricultural Equipment	+8 to +12%	+2 to +5%	-35 to -40%	
Construction Equipment	+15 to +20%	+20 to +25%	-70 to -75%	

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North America

Light vehicle markets Production levels in the North American markets were negatively impacted by overall economic conditions which began in the second half of 2008 and continued through much of 2009 resulting in overall light vehicle production in 2009 being down about 32% from 2008. Production levels increased significantly during the second half of 2009 as GM and Chrysler both emerged from relatively short bankruptcy reorganizations and improving market and overall economic conditions led to increased vehicle sales. Gradually improving economic conditions continued in 2010, which led to increased light vehicle production of just under 12 million units in 2010. While up 39% from the low levels of the previous year, 2010 production remained well below 2008 levels. However, in the light truck pickup, van and SUV segment where more of our programs are focused, production declined from 2008 to 2009 by about 30% and rebounded strongly in 2010. With an increase in production of about 50% in 2010, production levels in this segment of the market were slightly higher than 2008 levels.

With vehicle sales strengthening since the second half of 2009, total light vehicle inventory levels have improved considerably from 93 days supply at December 31, 2008 to 53 days supply at December 31, 2009 and 55 days supply at December 31, 2010. Inventory levels in the light truck pickup, van and SUV segment experienced similar improvement, declining from 76 days supply at December 31, 2008 to 50 and 49 days supply at December 31,2009 and 2010. Based on current inventory levels, near-term production levels are likely to be driven more directly by vehicle sales.

Despite economic factors like high unemployment levels and increased fuel costs possibly constraining growth in the North American markets, we expect to see continued strengthening of light vehicle production levels in 2011. Our current outlook has 2011 light vehicle production levels increasing 6 to 9% over 2010 levels nearing those experienced three years ago. As we look at our primary light truck pickup, van and SUV segment where the 2010 rebound was larger, we expect 2011 production levels to be relatively comparable with those in 2010 or up modestly.

Medium/heavy vehicle markets Developments in North America have a significant impact on our results as this region accounts for more than 60% of our global sales in the commercial vehicle market. The North American medium/heavy truck market was impacted by many of the same overall economic conditions negatively impacting the light vehicle markets, as customers have been cautious about the economic outlook and, consequently, new vehicle purchases. After declining around 40% from 2008 to 2009, production levels rebounded to some extent in 2010 with heavy-duty (Class 8) truck production increasing about 31% over 2009 and medium-duty (Classes 5 7) production increasing about 20%.

With the continued overall improvement in the economy, new truck orders have strengthened during the last half of 2010. We expect another significant increase in Class 8 production in 2011. Our current outlook has Class 8 production up 55 to 61% over 2010. In the medium-duty segment, we also expect some production strengthening, but we believe it could be a modest increase of around 3% to a stronger increase of about 20%.

Markets outside of North America

Light vehicle markets During 2009, overall economic weakness impacted light vehicle production globally, resulting in a decline in markets outside North America of about 8%. The improving market conditions that were evident in the fourth quarter of 2009 continued into 2010, with full year production outside North America in 2010 being about 18% higher in 2009. Like North America, production levels in Europe dropped significantly in 2009 and rebounded in 2010 up about 13% over 2009. Markets in South America and Asia Pacific did not experience the steep decline in 2009 that occurred in North America and Europe. Instead, production levels for 2009 were relatively flat in Asia Pacific and down modestly in South America. Both these regions saw production levels strengthen in 2010, with

South America up about 12% and Asia Pacific up more than 20%. For 2011, we expect the light vehicle markets in South America and Asia Pacific to show continued strength with production levels being 2 to 7% higher than 2010 levels. In Europe, our outlook has production levels remaining relatively comparable with those of 2010.

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Medium/heavy vehicle markets Outside of North America, medium- and heavy-duty truck production was severely impacted in 2009 by the overall global economic weakness. European medium/heavy production levels in 2009 were down about 60% when compared to 2008, while the markets in South America and Asia Pacific were around 34% and 20% lower. With improving economic conditions in 2010, production levels outside North America improved considerably. While increasing about 9% over 2009, 2010 production in Europe remained well below 2008 levels. The production rebound in South America and Asia Pacific in 2010 was much stronger, with higher production of around 66% in South America and 32% in Asia Pacific bringing production in those regions to levels higher in 2008. In 2011, we expect to see continued strengthening in the Europe markets, with production levels up 2 to 8% and in the South America markets with production levels up 13 to 20%. In Asia Pacific, we expect the relatively strong 2010 markets to continue with 2011 production levels being relatively comparable to those experienced this past year.

Off-Highway markets Our off-highway business has become an increasingly significant component of our total operations. Unlike our on-highway businesses, our off-highway business is largely concentrated outside of North America, with about two-thirds of its sales coming from Europe and 10% from South America and Asia Pacific combined. We serve several segments of the diverse off-highway market, including construction, agriculture, mining and material handling. Our largest markets are the European and North American construction and agricultural equipment segments. During 2009, the adverse effects of a weaker global economy significantly reduced demand levels in these markets. Demand in the construction market was down 70 to 75% from 2008 while demand in the agricultural market was down 35 to 40%. During the later part of 2010, we began to see improving levels of customer demand in these markets which led to 2010 demand levels being up about 2 to 5% in the agriculture segment and 20 to 25% in the construction segment. In 2011, we expect these markets to continue to recover with demand levels increasing 8 to 12% in the agriculture segment and 15 to 20% in the construction segment.

Sales, Earnings and Cash Flow Outlook

	2011 Outlook	2010	2009	2008
Sales	$ 7,100+	$ 6,109	$ 5,228	$ 8,095
Adjusted EBITDA *	$ 740 to 760	$ 553	$ 326	$ 349
Free Cash Flow **	$ 150+	$ 242	$ 109	$ (381)

* The table above refers to adjusted EBITDA, a non-GAAP financial measure which we have defined to be earnings before interest, taxes, depreciation, amortization, non-cash equity grant expense, restructuring expense and other nonrecurring items (gain/loss on debt extinguishment or divestitures, impairment, etc.). Adjusted EBITDA is currently being used by Dana as the primary measure of its operating segment performance. The most significant impact on Dana s ongoing results of operations as a result of applying fresh start accounting following our emergence from bankruptcy was higher depreciation and amortization. By using adjusted EBITDA, which excludes depreciation and amortization, the comparability of results is enhanced. Management also believes that adjusted EBITDA is an important measure since the financial covenants in our debt agreements are based, in part, on adjusted EBITDA. Segment EBITDA and adjusted EBITDA should not be considered a substitute for income (loss) before income taxes, net income (loss) or other results reported in accordance with GAAP. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. (See Segment Results of Operations (2010 versus 2009) below for a reconciliation of adjusted EBITDA to income (loss) before income taxes.)

** Free cash flow is a non-GAAP financial measure, which we have defined as cash provided by operations excluding any bankruptcy claim-related payments, less capital spending. We believe this measure is useful to investors in evaluating the operational cash flow of the company inclusive of the spending required to maintain the operations.

Free cash flow is neither intended to represent nor be an alternative to the measure of net cash provided by (used in) operating activities reported under GAAP. Free cash flow may not be comparable to similarly titled measures reported by other companies.

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Free cash flow is reconciled to cash flow provided by (used in) operations below:

	2010	2009	2008
Net cash flows provided by (used in) operating activities	$ 287	$ 208	$ (1,019)
Purchases of property, plant and equipment	(120)	(99)	(250)
Reorganization-related claims payments	75		888
Free cash flow	$ 242	$ 109	$ (381)

With lower sales in 2009 and gradual improvement in 2010, we focused on aggressively right-sizing our costs and improving the profitability of our customer programs. We also tightened our capital spending and reduced working capital levels. As sales began improving in 2010, we resisted bringing back much of the cost structure that was eliminated in 2008 and 2009. The combination of stronger sales levels, cost reductions and improved pricing led to improved profitability and cash flow in 2010. While we are continuing to make additional cost improvements and restructure the operations in 2011, we will also be pursuing the growth initiatives described in the Business Strategy section. We are currently expecting that additional strengthening in sales levels in 2011 and further benefits from cost reductions and restructuring actions will more than offset the cost associated with our growth initiatives thereby providing improved adjusted EBITDA and adjusted EBITDA as a percent of sales in 2011. Primarily as a result of projecting capital spending of $200 to $250 in 2011 as compared to $120 in 2010, we expect free cash flow to be somewhat lower than in 2010, but still exceeding $150.

Consolidated Results of Operations

Summary Consolidated Results of Operations (2010 versus 2009)

	Dana Year Ended December 31, 2010	2009	Increase (Decrease)
Net sales	$ 6,109	$ 5,228	$ 881
Cost of sales	5,450	4,985	465
Gross margin	659	243	416
Selling, general and administrative expenses	402	313	89
Amortization of intangibles	61	71	(10)
Restructuring charges, net	73	118	(45)
Impairment of long-lived assets		156	(156)
Other income, net	1	98	(97)
Income (loss) before interest, reorganization items and income taxes	$ 124	$ (317)	$ 441
Net income (loss) attributable to the parent company	$ 10	$ (431)	$ 441

Sales The following table shows changes in our sales by geographic region for the years ended December 31, 2010 and 2009. In the third quarter of 2010, based on a realignment of organizational responsibilities, we moved our operations in South Africa from the Asia Pacific region to the Europe region. The geographical results have been retroactively adjusted to conform to the current reporting structure.

	Year Ended December 31, 2010	2009	Increase/ (Decrease)	Amount of Change Due To Currency Effects	Divestitures	Organic Change
North America	$ 2,960	$ 2,659	$ 301	$ 16	$ (307)	$ 592
Europe	1,579	1,248	331	(67)		398
South America	839	798	41	68	(123)	96
Asia Pacific	731	523	208	54	(30)	184
Total	$ 6,109	$ 5,228	$ 881	$ 71	$ (460)	$ 1,270

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Sales increased $881 in 2010 as compared to 2009. The overall strengthening of several international currencies against the U.S. dollar accounted for $71 of the increase. The sale of our Structural Products business in early March 2010 resulted in a year-over-year sales reduction of $460. The organic growth in sales of $1,270, attributable primarily to market volume, pricing and mix, is an increase of about 27% over 2009 sales after adjusting for the effects of the Structural Products divestiture.

Increased sales in North America during 2010, adjusted for the effects of currency and divestitures, was $592 a 25% increase on 2009 sales adjusted for divestitures. The increase was largely due to the increased OEM production levels in the light vehicle and medium/heavy truck markets. Light duty production levels were more than 39% higher in 2010 with production in the light pickup, van and SUV segment the sector most important to us being up around 50%. In the medium/heavy truck markets production was up about 26%. In the off-highway sector, improvement in 2010 demand levels contributed to increased sales of around 28%.

Excluding currency effects, our European sales were 32% higher in 2010 than in 2009. Our businesses in Europe benefited from stronger production levels in each of our markets, while also benefiting from demand levels for certain light vehicle programs that were stronger than the overall market.

Stronger international currencies increased 2010 sales by $68 in South America and $54 in Asia Pacific. The organic growth in sales in South America and Asia Pacific represent increases of 14% and 37% over 2009 sales adjusted for divestitures, due principally to the higher 2010 production levels in these regions.

Cost of sales and gross margin Cost of sales decreased to 89.2% of sales in 2010 from 95.4% of sales in 2009. Higher production levels contributed to improved absorption of fixed costs. Additionally, manufacturing costs benefited from our restructuring initiatives, material cost savings associated with engineering design changes and reduced purchase prices and other cost reduction actions. In 2009, our cost of sales was reduced by $12 of insurance recoveries, primarily attributable to the settlement of environmental claims. Higher sales levels, cost reductions and pricing improvement combined to improve gross margin to $659 (10.8% of sales) in 2010 from $243 (4.6% of sales) in 2009.

Selling, general and administrative expenses (SG&A) SG&A expenses in 2010 were $89 higher than in 2009. Additional compensation and benefit costs are a major reason for the increase. The improved operating performance in 2010 resulted in cash incentive costs of $40 associated with the annual incentive compensation programs while the only expense recorded in 2009 for cash incentive compensation was a special discretionary bonus of $13 awarded in the fourth quarter of 2009. Throughout 2009, we also suspended certain benefits and merit increases and we implemented mandatory unpaid furloughs. In 2010, we restored most of the suspended programs, granted merit increases and minimized mandatory furloughs. Primarily as a result of these actions, benefits and other compensation-related costs in 2010 were higher by approximately $46. Additionally reductions to our liability for asbestos claims reduced SG&A by $9 in 2009. Absent these effects, SG&A expenses as a percentage of sales for 2010 would have been 5.7% as compared to 6.0% in 2009.

Restructuring charges and impairments Restructuring expense was $73 in 2010 compared to $118 in 2009 as we continued to right-size the operations through workforce reductions and facility closure or realignment. Expense in both periods is primarily due to employee separation costs. Charges of $156 for impairment of long-lived assets were recorded in 2009, with $150 recognized in the fourth quarter of 2009 in connection with our agreement to sell the Structural Products business and $6 recognized in the second quarter in connection with revised economic outlooks of certain operating segments. The $150 consisted of $121 related to property, plant and equipment and $29 related to amortizable intangible assets, while the $6 related to indefinite lived intangibles.

Other income, net Other income, net was $1 in 2010, whereas we had other income of $98 in 2009. In 2010, interest income of $30 and other sources of income were essentially offset by a charge of $25 for a settlement with Toyota associated with warranty claims related to our Structural Products business, a loss of $7 on extinguishment of debt and a pre-tax loss of $3 in connection with the divestiture of the Structural Products business. In 2009, interest income of $24 and other sources of income were supplemented by a $35 net gain on the repurchase of debt at a discount, contract cancellation income of $17 in connection with the

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early termination of a customer program and net foreign currency transaction gains of $9. Partially offsetting the income items in 2009 was $11 of transaction expenses accrued for the Structural Products divestiture and $5 of expenses incurred in connection with the strategic assessment of certain businesses. Further details of other income, net are provided in Note 18 to the consolidated financial statements in Item 8.

Interest expense Interest expense in 2010 was $50 less than in 2009, primarily as a result of debt repurchases and repayments over the past year and a reduction in 2010 of the contractual rate paid under our Amended Term Facility.

Income tax expense We recorded income tax expense of $31 in 2010 and a benefit of $27 in 2009. These amounts vary from an expected expense of $12 for 2010 and an expected benefit of $159 for 2009 at the U.S. federal statutory rate of 35%, primarily due to non-deductible expenses, withholding taxes on the expected repatriation of earnings from our non-U.S. subsidiaries, adjustments to reserves for uncertain tax positions and the effects of valuation allowances as discussed in Note 17 to the consolidated financial statements in Item 8.

In the U.S. and certain other countries, our recent history of operating losses does not allow us to satisfy the more likely than not criterion for recognition of deferred tax assets. Consequently, there is no income tax recognized on the pre-tax income or losses in these jurisdictions as valuation allowance adjustments offset the associated tax benefit or expense. As described in Note 17 of the notes to our consolidated financial statements in Item 8, an exception occurs when there is a pre-tax loss from continuing operations and pre-tax income in another category such as other comprehensive income (OCI). The tax benefit allocated to operations is the amount by which the loss from operations reduces the tax expense recorded with respect to the other category of earnings. Due to the application of this exception for the year ended December 31, 2010, we recognized an income tax benefit of $5 on pre-tax losses of operations in the U.S.

In 2010, we reduced previously accrued withholding taxes on expected future repatriations of foreign earnings and decreased tax expense by $3. Based on our debt refinancing and other plans, we determined that certain repatriation actions were no longer likely to occur. In 2010 we incurred $8 of withholding taxes on transfers of funds to the U.S and between foreign subsidiaries. During 2009, tax expense was reduced by $22 as a result of modifications to previously expected repatriation actions and tax expense was increased by $6 as a result of withholding taxes on transfers of funds to the U.S. and between foreign subsidiaries. As a consequence of reorganizing our operations in Brazil in 2010, we determined that valuation allowances against certain deferred tax assets were no longer required. The reversal of these valuation allowances resulted in a tax benefit of $16.

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Summary Consolidated Results of Operations (2009 versus 2008)

	Dana		Prior Dana
	Year Ended December 31, 2009	Eleven Months Ended December 31, 2008	One Month Ended January 31, 2008
Net sales	$5,228	$ 7,344	$ 751
Cost of sales	4,985	7,113	702
Gross margin	243	231	49
Selling, general and administrative expenses	313	303	34
Amortization of intangibles	71	66	
Restructuring charges, net	118	114	12
Impairment of goodwill		169	
Impairment of long-lived assets	156	14	
Other income, net	98	53	8
Income (loss) from continuing operations before interest, reorganization items and income taxes	$(317)	$ (382)	$ 11
Fresh start accounting adjustments	$	$	$ 1,009
Income (loss) from continuing operations	$(436)	$ (667)	$ 717
Loss from discontinued operations	$	$ (4)	$ (6)
Net income (loss) attributable to the parent company	$(431)	$ (677)	$ 709

As a consequence of our emergence from Chapter 11 on January 31, 2008, the results of operations for 2008 consist of the month of January pre-emergence results of Prior Dana and the eleven-month results of Dana. Fresh start accounting affects our post-emergence results, but not the pre-emergence January results. Adjustments to adopt fresh start accounting were recorded as of January 31, 2008.

Although the eleven months ended December 31, 2008 and one month ended January 31, 2008 are distinct reporting periods as a consequence of our emergence from Chapter 11 the emergence and fresh start accounting effects had negligible impacts on the comparability of sales between the periods. Accordingly, references in our analysis to annual 2008 sales information combine the two periods in order to enhance the comparability of such information for the annual periods.

Sales The following table shows changes in our sales by geographic region for the year ended December 31, 2009, eleven months ended December 31, 2008 and one month ended January 31, 2008.

	Dana		Prior Dana
	Year Ended December 31, 2009	Eleven Months Ended December 31, 2008	One Month Ended January 31, 2008

North America	$ 2,659	$ 3,523	$ 396
Europe	1,248	2,233	230
South America	798	966	67
Asia Pacific	523	622	58
Total	$ 5,228	$ 7,344	$ 751

Sales in 2009 were $2,867 lower than sales for the combined periods in 2008, a reduction of 35%. Currency movements reduced sales by $190 as a number of currencies in international markets weakened against the U.S. dollar. Exclusive of currency, sales decreased $2,677 or 33%, primarily due to lower production levels in each of our markets. Partially offsetting the effects of lower production was improved pricing which added approximately $200 in 2009.

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North American sales for 2009, adjusted for currency, declined approximately 32% due largely to lower production levels in both the light vehicle and commercial vehicle markets. Light truck production was down about 29% compared to 2008 and medium/heavy truck production was down about 40%. The impact of lower vehicle production levels was partially offset by the impact of higher pricing.

Weaker international currencies decreased 2009 sales by $85 in Europe. Adjusted for currency effects, European sales were 46% lower than 2008. Light vehicle production levels were down about 20% while commercial vehicle sector production was about 60% lower. Our European region has a significant presence in off-highway vehicle markets which also experienced significant year-over-year production declines.

Weaker international currencies reduced 2009 sales by $62 in South America and $20 in Asia Pacific. Exclusive of currency effects, sales were down 17% and 20% in these regions, due largely to reduced production levels.

Cost of sales and gross margin Cost of sales was 95.4% of sales in 2009 compared to 96.5% for the combined eleven months ended December 31, 2008 and the month of January in 2008. Lower production levels negatively impacted our ability to absorb fixed costs. Conversely, material cost savings, conversion cost improvements and reduced warranty costs contributed to reduced manufacturing costs. In 2009, environmental insurance recoveries reduced cost of sales by $12. In 2008, cost of sales was increased by the step-up in inventory values ($49) related to the application of fresh start accounting at emergence from Chapter 11 and the subsequent sell off of that inventory in the first half of 2008. Year-over-year cost of sales was also negatively impacted by a pension settlement gain of $12 in 2008.

Selling, general and administrative expenses (SG&A) With the significant decline in sales, consolidated SG&A increased as a percentage of sales. However, for 2009, SG&A was $24 lower than the combined periods in 2008, primarily as a result of the cost reduction actions taken during the last half of 2008 and the first part of 2009 in response to reduced sales levels. The fourth quarter of 2009 includes an expense of $13 for additional compensation to certain employees. No incentive compensation expense was accrued for 2008.

Amortization of intangibles Amortization of customer relationship intangibles resulted from the application of fresh start accounting at the date of emergence from Chapter 11. Consequently, there is no expense in January 2008.

Restructuring charges and impairments Restructuring charges are primarily costs associated with the workforce reduction actions and facility closures. Restructuring expense of $118 for 2009 represents a decrease from expense of $126 for the combined periods of 2008. Expense in both periods is primarily due to separation costs incurred in connection with workforce reductions.

In connection with the planned divestiture of substantially all of the assets of our Structural Products business, we recorded an impairment charge of $150 in the fourth quarter of 2009 against the definite-lived intangibles and long-lived assets of this segment. Charges for impairment of goodwill and indefinite-lived intangibles of $6 in 2009 and $183 in 2008 were recorded in connection with the new valuations triggered by revised economic outlooks. These charges are recorded as impairment of goodwill and impairment of long-lived assets.

Other income, net Other income of $98 for 2009 was $37 higher than the combined periods of 2008. We recognized a net gain of $35 on extinguishment of debt in 2009 whereas repayment of debt in 2008 resulted in a net loss of $10. Contract cancellation income in connection with the early termination of a customer program added $17 over 2008. Net currency transaction gains in 2009 were $18 favorable to the amounts recorded in 2008 and interest income was lower by $28.

Interest expense Interest expense includes the costs associated with the Exit Facility and other debt agreements which are described in Note 12 to our consolidated financial statements in Item 8. Interest expense in 2009 includes $14 of amortized original issue discount (OID) recorded in connection with the Exit Facility, $13 of amortized debt issuance costs and $6 of debt issuance costs written off in connection with the extinguishment of debt. Also included is $8 of other non-cash interest expense associated primarily with the accretion of certain liabilities that were recorded at discounted values in connection with the adoption of fresh

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start accounting upon emergence from Chapter 11. For the eleven months ended December 31, 2008, interest expense includes $16 of amortized OID and $8 of amortized debt issuance costs. Non-cash interest expense relating to the accretion of certain liabilities in the eleven months ended December 31, 2008 was $8. In the month of January 2008, a substantial portion of our debt obligations was reported as liabilities subject to compromise. The interest expense not recognized on these obligations during the month of January 2008 was $9.

Reorganization items Reorganization items were directly attributable to our Chapter 11 reorganization process. See Note 21 to our consolidated financial statements in Item 8 for a summary of these costs. During the Chapter 11 process, there were ongoing advisory fees of professionals representing Dana and the other Chapter 11 constituents. Certain of these costs continued subsequent to emergence as there are disputed claims which require resolution, claims which require payment and other post-emergence activities related to emergence from Chapter 11. Reorganization items in 2008 include a gain on the settlement of liabilities subject to compromise and several one-time emergence costs, including the cost of employee stock bonuses, transfer taxes and success fees and other fees earned by certain professionals upon emergence. During the second quarter of 2009, we reduced our vacation benefit liability by $5 to correct the amount accrued in 2008 as union agreements arising from our reorganization activities were being ratified. We recorded $3 as a reorganization item benefit consistent with the original expense recognition.

Income tax expense The reported income tax benefit of $27 in 2009 compares to an expense of $107 for the eleven months ended December 31, 2008 and expense of $199 for the month of January 2008. These amounts vary from an expected benefit of $159 for 2009, expense of $192 for the eleven months ended December 31, 2008 and expense of $320 for January 2008 at the U.S. federal statutory rate of 35%, primarily due to non-deductible expenses, withholding taxes on the expected repatriation of earnings from our non-U.S. subsidiaries, adjustments to reserves for uncertain tax positions, the effects of valuation allowances as discussed in Note 17 to the consolidated financial statements in Item 8 and fresh start adjustments associated with our reorganization.

In the U.S. and certain other countries, our recent history of operating losses does not allow us to satisfy the more likely than not criterion for recognition of deferred tax assets. Consequently, there is no income tax benefit recognized on the pre-tax losses of these jurisdictions as valuation allowance adjustments offset the associated tax benefit or expense.

During 2009, we recorded a tax benefit of $22 to reduce liabilities previously accrued for expected repatriation of earnings from our non-U.S. subsidiaries and we recorded tax expense of $6 as a result of withholding taxes on transfers of funds to the U.S. and between foreign subsidiaries.

Segment Results of Operations (2010 versus 2009)

Segment Sales

Year Ended December 31,	2010	2009	Increase/ (Decrease)	Amount of Change Due To		
				Currency Effects	Divestitures	Organic Change
LVD	$ 2,516	$ 1,973	$ 543	$ 76	$	$ 467
Power Technologies	927	714	213	1		212
Commercial Vehicle	1,344	1,099	245	24		221
Off-Highway	1,131	850	281	(37)		318
Structures	188	592	(404)	7	(462)	51

Other	3		3		2	1
Total	$ 6,109	$ 5,228	$ 881	$ 71	$ (460)	$ 1,270

Our LVD and Power Technologies segments principally serve the light vehicle markets. Exclusive of currency effects, 2010 sales increases over 2009 in LVD and Power Technologies were 24% and 30%. The higher sales were due primarily to increased light vehicle unit production levels in 2010 across all regions.

Commercial Vehicle segment 2010 sales, adjusted for currency, were up 20% compared to 2009. This segment is heavily concentrated in the North American market where medium/heavy (Classes 5 8) truck

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production during these periods was up about 26%. Outside of North America, 2010 medium/heavy truck production was about 30% higher than 2009.

With its significant European presence, our Off-Highway segment was unfavorably impacted by the weaker euro during 2010. Excluding currency effects, sales in 2010 were up about 38% compared to 2009. These increases reflect the stronger 2010 demand levels in the construction, agriculture and other segments of this market.

We completed the sale of a substantial portion of the Structures business in 2010 which accounts for the reduced sales in this segment. Partially offsetting this was the impact of higher production levels in 2010 prior to the divestiture.

Segment EBITDA

	Year Ended December 31,		
	2010	2009	Increase (Decrease)
Segment EBITDA *			
Light Vehicle Driveline	$ 235	$ 128	$ 107
Power Technologies	125	29	96
Commercial Vehicle	131	84	47
Off-Highway	98	38	60
Structures	6	35	(29)
Total Segment EBITDA	595	314	281
Shared services and administrative	(22)	(22)	
Other income (expense) not in segments	(10)	33	(43)
Foreign exchange not in segments	(10)	1	(11)
Adjusted EBITDA *	553	326	227
Depreciation and amortization	(314)	(397)	83
Restructuring	(73)	(118)	45
Impairment		(156)	156
Interest expense, net	(59)	(115)	56
Other **	(72)	6	(78)
Income (loss) before income taxes	$ 35	$ (454)	$ 489

* See discussion of non-GAAP financial measures below.

** Other includes reorganization items, gain (loss) on extinguishment of debt, strategic transaction expenses, stock compensation expense, loss on sales of assets and foreign exchange costs and benefits. See Note 20 to the consolidated financial statements in Item 8 for additional details.

Non-GAAP financial measures The table above refers to segment EBITDA and adjusted EBITDA, non-GAAP financial measures which we have defined to be earnings before interest, taxes, depreciation, amortization, non-cash equity grant expense, restructuring expense and other nonrecurring items (gain/loss on debt extinguishment or divestitures, impairment, etc.). Segment EBITDA is currently being used by Dana as the primary measure of its operating segment performance. The most significant impact on Dana s ongoing results of operations as a result of applying fresh start accounting following our emergence from bankruptcy was higher depreciation and amortization. By using segment EBITDA and adjusted EBITDA, performance measures that exclude depreciation and amortization, the comparability of results is enhanced. Management also believes that adjusted EBITDA is an important measure since the financial covenants in our debt agreements are based, in part, on adjusted EBITDA. Segment EBITDA and adjusted EBITDA should not be considered a substitute for income before income taxes, net income or other results reported in accordance with GAAP. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

LVD segment EBITDA of $235 in 2010 improved $107 from 2009. Higher sales volumes resulting from stronger market production levels increased earnings by about $70. Material cost recovery and other pricing

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actions contributed about $38 to the improvement. Year-over-year segment EBITDA was negatively impacted by higher pension cost of $11 and increased warranty cost of $5. The remaining increase was driven by cost reductions which more than offset higher material costs and increased costs associated with incentive compensation and restoring benefits programs that were suspended in 2009.

In Power Technologies, segment EBITDA of $125 in 2010 improved $96 from 2009. Higher sales volumes from stronger markets contributed about $65 of the increase. Many of the restructuring initiatives impacting this segment occurred in the second half of 2009 and first half of 2010. Benefits from these actions along with other cost reduction efforts provided most of the remaining improvement, more than offsetting the increase in compensation and benefit costs in 2010 that followed the curtailment of extensive cost-saving actions we had taken in 2009.

The Commercial Vehicle segment EBITDA in 2010 was $131, an increase of $47 over the amount reported for 2009. Stronger production levels in this segment s markets added about $50 to segment EBITDA. The segment EBITDA in 2009 benefited from higher material cost recovery of $20, partially offsetting the impact of the year-over-year sales volume improvement. The remaining improvement was due principally to benefits resulting from our restructuring and other cost reduction actions, which more than covered the increases in compensation benefit costs and warranty expense.

Off-Highway segment EBITDA of $98 in 2010 was up $60 from the amount reported for 2009. Improving market conditions in this business drove stronger sales volume which increased segment EBITDA by about $45. Lower material cost contributed another $15 of improvement. Higher warranty costs of $7 and lower material cost recovery in 2010 partially offset the improvement from stronger production levels and material cost savings. This segment s EBITDA for 2010 also benefited from restructuring and other cost reduction efforts, which more than offset the increased costs associated with incentive compensation and restoring other benefits programs suspended in 2009.

We completed the sale of substantially all of our Structures business in 2010, which contributed to the reduced segment EBITDA in 2010. Additionally, Structures segment EBITDA in 2009 included a benefit of $17 from contract cancellation income recognized in connection with the early termination of a customer program.

Segment Results of Operations (2009 versus 2008)

Segment Sales

	Dana Year Ended December 31, 2009	Eleven Months Ended December 31, 2008	Prior Dana One Month Ended January 31, 2008
LVD	$ 1,973	$ 2,450	$ 270
Power Technologies	714	872	92
Commercial Vehicle	1,099	1,596	141
Off-Highway	850	1,637	157
Structures	592	786	90
Other		3	1
Total	$ 5,228	$ 7,344	$ 751

In the first quarter of 2009, we began allocating the majority of our Brazil driveshaft operation s results to our Commercial Vehicle segment. In the first quarter of 2010, we again modified our segment reporting to report all of this operation in the Commercial Vehicle segment. The initial change was not appropriately reflected in the 2008 segment reporting in the 2009 financial statements. We have revised the 2008 segment reporting to correct this error. The impact of these changes was to increase Commercial Vehicle net sales by $48, $153 and $11 and segment EBITDA by $3, $26 and $1 for the year ended December 31, 2009, the eleven months ended December 31, 2008 and the one month ended January 31, 2008 with equal offsets to the LVD segment. These adjustments were not considered material to the 2008 periods to which they relate.

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Our LVD, Power Technologies and Structures segments principally serve the light vehicle markets. Exclusive of currency effects, sales in 2009 declined 25% in LVD, 24% in Power Technologies and 30% in Structures as compared to the combined periods in 2008, all principally due to lower production levels. Improved pricing in our LVD and Structures segments helped offset some of the reduction attributed to lower production.

Our Commercial Vehicle segment is heavily concentrated in the North American market where Class 8 commercial truck production was down about 41% and Classes 5-7 commercial truck production was down approximately 38%. The sales decline in Commercial Vehicle in 2009, exclusive of currency effects, was 34% as the volume reduction associated with lower production levels was partially offset by higher pricing under material cost recovery arrangements.

With its significant European presence, our Off-Highway segment was negatively impacted by weaker international currencies during this period. Excluding this effect, sales were down 50% compared to 2008 as demand levels were down 70 to 75% in construction markets and 35 to 40% in agriculture markets. Increased pricing provided a partial offset.

Segment EBITDA

	Dana		Prior Dana
	Year Ended December 31, 2009	Eleven Months Ended December 31, 2008	One Month Ended January 31, 2008
Segment EBITDA *			
Light Vehicle Driveline	$ 128	$ 53	$ 9
Power Technologies	29	47	9
Commercial Vehicle	84	76	7
Off-Highway	38	102	14
Structures	35	37	4
Total Segment EBITDA	314	315	43
Shared services and administrative	(22)	(23)	(3)
Other income (expense) not in segments	33	22	(2)
Foreign exchange not in segments	1	(3)	
Adjusted EBITDA *	326	311	38
Depreciation and amortization	(397)	(399)	(23)
Restructuring	(118)	(114)	(12)
Impairment	(156)	(183)	
Reorganization items, net	2	(25)	(98)
Interest expense, net	(115)	(94)	(4)
Fresh start accounting adjustments			1,009
Other **	4	(45)	4
Income (loss) before income taxes	$ (454)	$ (549)	$ 914

* See discussion of non-GAAP financial measures above.

** Other includes gain (loss) on extinguishment of debt, strategic transaction expenses, non-cash stock compensation expense, loss on sales of assets and certain foreign exchange costs and benefits. See Note 18 to the consolidated financial statements in Item 8 for additional details.

Segment EBITDA in LVD increased $66 from 2008 as pricing improvement of approximately $100 and improvement from cost reductions and other items (primarily conversion cost, material and warranty) more than offset the decline of about $150 attributed to lower sales volume.

Lower sales volumes drove the EBITDA reduction of $27 in Power Technologies. Restructuring and cost reduction initiatives began contributing to profit improvement during the second half of 2009 and, along with lower warranty expense, helped offset the impact of reduced sales.

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In our Commercial Vehicle segment, EBITDA was relatively comparable to the prior year, but improved as a percent of sales. The profit reduction of about $75 from lower sales volume was substantially offset by improved pricing and cost reductions.

Our Off-Highway segment experienced a segment EBITDA reduction of $78. Lower sales volume reduced segment EBITDA by about $150 while pricing improvement of $25 and cost reductions provided a partial offset.

Our Structures business segment EBITDA in 2009 was down $6 from the amount reported for 2008. Lower sales volumes reduced segment EBITDA by about $65. Pricing improvements of approximately $38 combined with cost reductions provided some offset to the adverse impact of lower sales volumes. Additionally, this segment s 2009 segment EBITDA benefited $17 from contract cancellation income recognized in connection with the early termination of a customer program.

Liquidity

Common stock offering and debt reduction In September 2009, we completed a common stock offering of 34 million shares at a price per share of $6.75, generating net proceeds of $217. The provisions of our Term Facility required that a minimum of 50% of the net proceeds of the equity offering be used to repay outstanding principal of our term loan. As a result of previous debt repurchases, approximately 10% of the outstanding principal amount of the term loan was held by a wholly-owned non-U.S. subsidiary of Dana. Accordingly, $11 of the $109 term loan repayment that was made to the lenders was received by this wholly-owned non-U.S. subsidiary and $98 was used to repay outstanding principal of our term loan held by third parties.

The September 2009 equity offering provided the underwriters with an over-allotment option to purchase an additional 5 million shares. The purchase of these additional shares was completed in October 2009, generating additional net proceeds of $33. Of these proceeds, $15 was used to repay third party debt principal.

Additional debt reduction occurred in 2009 when the combination of Dana repayments and purchases of debt by a wholly-owned non-U.S. subsidiary of Dana reduced our outstanding principal under our Term Facility by $129 (net of OID of $9) with a cash outlay of $86.

Amended Term Facility refinancing and Revolving Facility amendment In January 2011, we completed an offering of senior unsecured notes (Senior Notes) which generated net proceeds of $733. These proceeds were used together with available cash of $127 to repay in full all amounts then outstanding under our Amended Term Facility. The aggregate principal amount of the Senior Notes is $750, with $400 at a fixed interest rate of 6.50% maturing in 2019 and $350 at a fixed rate of 6.75% maturing in 2021. In connection with this refinancing, we amended our Revolving Credit and Guaranty Agreement (the Revolving Facility) allowing for the issuance of the Senior Notes. The Revolving Facility was amended in February extending the maturity to five years and reducing the aggregate principal amount of the facility from $650 to $500. With the issuance of the Senior Notes and the amendment and extension of the revolving facility, we have additional flexibility to make acquisitions and other investments, incur additional indebtedness and pay dividends and distributions as long as certain terms and conditions are met. The maintenance-based financial covenants in our prior agreements were replaced with incurrence-based financial covenants. With these actions, we have reduced our overall debt, secured fixed interest rates over the next eight to ten years and increased our financial flexibility by freeing up debt capacity for growth. See Note 12 of the notes to our consolidated financial statements in Item 8 for additional details.

Covenants At December 31, 2010, we were in compliance with the debt covenants under our agreements.

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Global liquidity Our global liquidity at December 31, 2010 was as follows:

Cash and cash equivalents	$ 1,134
Less: Deposits supporting obligations	(58)
Available cash	1,076
Additional cash availability from lines of credit in the U.S. and Europe	313
Total global liquidity	$ 1,389

With the completion of the issuance of the Senior Notes in January 2011 and the repayment in full of the Term Facility, we used $127 of available global liquidity. The February 2011 acquisition of the SIFCO axle business used another $150 and the expected increase in our investment in DDAC, our China joint venture with Dongfeng Motors during the second quarter of 2011 will utilize an additional $120.

As of December 31, 2010, the consolidated cash balance includes $473 located in the U.S. In addition, our cash balance at December 31, 2010 includes $92 held by less-than-wholly-owned subsidiaries where our access may be restricted. Our ability to efficiently access cash balances in certain subsidiaries and foreign jurisdictions is subject to local regulatory, statutory or other requirements, as well as the business needs of the operations.

Following our issuance of the Senior Notes in the first quarter of 2011, the principal sources of liquidity available for our future cash requirements are expected to be (i) cash flows from operations, (ii) cash and cash equivalents on hand, (iii) proceeds related to our trade receivable securitization and financing programs and (iv) borrowings from the Revolving Facility. We believe that our overall liquidity and operating cash flow will be sufficient to meet our anticipated cash requirements for capital expenditures, working capital, debt obligations and other commitments during the next twelve months. While uncertainty surrounding the current economic environment could adversely impact our business, based on our current financial position, we believe it is unlikely that any such effects would preclude us from maintaining sufficient liquidity.

At December 31, 2010, there was $103 of availability based on the borrowing base but no borrowings under our European trade receivable securitization program. At December 31, 2010, we had no borrowings under the Revolving Facility but we had utilized $141 for letters of credit. Based on our borrowing base collateral, we had availability at that date under the Revolving Facility of $210 after deducting the outstanding letters of credit. As a result, we had aggregate additional borrowing availability of $313 under these credit facilities.

Cash Flow

	Dana			Prior Dana
	Year Ended December 31,		Eleven Months Ended December 31, 2008	One Month Ended January 31, 2008
	2010	2009		
Cash provided by (used for) changes in working capital	$33	$ 94	$ 18	$ (61)
Reorganization-related claims payment	(75)	(2)	(882)	(74)
Other cash provided by operations	329	116	(33)	13
Net cash flows provided by operating activities	287	208	(897)	(122)

Net cash provided by (used in) investing activities	2	(98)	(221)	77
Net cash flows used in financing activities	(144)	32	(207)	912
Net increase (decrease) in cash and cash equivalents	$145	$ 142	$ (1,325)	$ 867

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Operating activities The table above summarizes our consolidated statement of cash flows. Exclusive of working capital and reorganization-related activity, other cash provided by operations was $329 during 2010 and $116 during 2009. An increased level of operating earnings and reduced cash used for restructuring were primary factors for the higher level of other cash provided by operations in 2010. This was partially offset by a voluntary contribution of $50 to the U.S. pension plans in December 2010.

Working capital provided cash of $33 in 2010 and $94 in 2009. Higher sales levels in 2010 as compared to 2009 resulted in increased levels of receivables and inventory. Cash of $96 was used in 2010 to finance increased receivables, whereas lower sales in 2009 drove a reduction in receivables which provided cash of $76. Inventory levels at the end of 2008 were relatively high in relation to customer requirements. Consequently, concerted efforts to reduce inventory enabled us to generate cash of $299 in 2009. Excess inventory levels coming into 2010 had largely been worked down, so higher sales in 2010 resulted in a cash use of $108 to fund inventory. The cash use in 2010 for higher receivables and inventory was more than offset by cash provided by increases in accounts payable and other net liabilities of $237 resulting in the net cash provided of $33. In contrast, reduced inventory and other purchases in 2009 led to a decrease in accounts payable and other net liabilities which used cash of $281.

In 2009, exclusive of working capital and reorganization-related activity, other cash provided from operations of $116 compared to a use of $20 for the combined periods of 2008. An increased level of operating earnings was the primary factor for the higher level of cash provided in 2009 as compared to the prior periods. As our operational improvements continued, our workforce reduction and other restructuring activities consumed cash of $138 during 2009, an increase of $5 over the combined periods of 2008.

Working capital provided cash of $94 in 2009, whereas cash of $43 was used in 2008. The combination of focused operational initiatives and lower sales levels combined to generate cash of $299 in 2009 from reductions in inventory. During 2008, cash of $34 was used to finance increased inventory. Bringing inventories in line with current requirements caused accounts payable to decrease, using cash of $184 in 2009. Lower sales levels during the latter part of 2008 led to a reduction in accounts payable cash use of $210. Reductions to receivables generated cash of $107 in 2009 and $434 in 2008, again driven primarily by lower sales during the latter part of 2008.

Investing activities Proceeds from the sale of the Structural Products business provided cash of $118 in 2010. Expenditures for property, plant and equipment were $120, as compared to $99 in 2009 and $250 for the combined periods of 2008 as capital expenditures were closely managed and prioritized throughout 2010 and 2009.

Financing activities A cash use of $144 in 2010 for financing activities was principally due to a use of $137 for long-term debt repayment. As described in Note 12 to the consolidated financial statements in Item 8, we were required to use proceeds from the sale of the Structural Products business to repay term loan debt. Dividend payments to preferred shareholders also consumed cash of $66 during 2010 with $34 used for payment of previously deferred dividends. Partially offsetting these outflows were proceeds of $52 from long-term debt issuance.

In 2009, we completed a common stock offering for 39 million shares generating proceeds of $250 net of underwriting fees. Cash of $214 was used in 2009 to reduce long-term debt, with another $36 being used to reduce short-term borrowings.

In 2008, significant cash was provided by financing activities as proceeds from our Exit Facility and the issuance of preferred stock at emergence exceeded the cash used for the repayment of other debt.

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Contractual Obligations

We are obligated to make future cash payments in fixed amounts under various agreements. The following table summarizes our significant contractual obligations as of December 31, 2010. The issuance of Senior Notes in January 2011 resulted in a change in these obligations which is discussed in the notes to the table.

Contractual Cash Obligations	Total	Payments Due by Period Less than 1 Year	1 3 Years	4 5 Years	After 5 Years
Long-term debt[1]	$ 956	$ 18	$ 101	$ 837	$
Interest payments[2]	172	43	83	46	
Leases[3]	281	46	71	68	96
Unconditional purchase obligations[4]	115	107	7	1	
Pension contribution[5]	45	45			
Retiree health care benefits[6]	81	8	16	16	41
Uncertain income tax positions[7]					
Total contractual cash obligations	$ 1,650	$ 267	$ 278	$ 968	$ 137

Notes:

(1) Principal payments on long-term debt in place at December 31, 2010. After giving effect to the issuance of the Senior Notes in January 2011, payments due by period are: less than 1 year $122, 1 3 years $83, 4 5 years $1, after 5 years $750 for a total of $956. The cash used in the repayment of the Term Facility in January 2011 is included as part of the 2011 obligation.

(2) These amounts represent future interest payments based on the debt in place at December 31, 2010 and the interest rates applicable to such debt. After giving effect to the issuance of the Senior Notes in January of 2011, the payments are: less than 1 year $60, 1 3 years $108, 4 5 years $99, after 5 years $50 or a total of $317.

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

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

(5) This amount represents estimated 2011 contributions to our global defined benefit pension plans. We have not estimated non-U.S. pension contributions beyond 2011 due to the significant impact that return on plan assets and changes in discount rates might have on such amounts.

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

(7) There are no expected payments in 2011 related to the uncertain tax positions as of December 31, 2010. We are not able to reasonably estimate the timing of this liability in individual years beyond 2011 due to uncertainties in the timing of the effective settlement of tax positions. Unrecognized tax benefits at December 31, 2010 total $53.

Preferred dividends accrued but not paid were $8 and $42 at December 31, 2010 and 2009. In October 2010, the Board of Directors authorized an aggregate cash payment of $34 in dividends to shareholders of 4.0% Series A Convertible Preferred Stock and 4.0% Series B Convertible Preferred Stock. The $34 was paid in December 2010 to preferred shareholders of record as of the close of business on November 5, 2010. In March and July 2010, our Board authorized two $16 dividend payments which were made in April and August 2010.

At December 31, 2010, we maintained cash balances of $58 on deposit with financial institutions to support surety bonds, letters of credit and bank guarantees and to provide credit enhancements for certain lease agreements. These surety bonds enable us to self-insure our workers compensation obligations. We accrue the estimated liability for workers compensation claims, including incurred but not reported claims. Accordingly, no significant impact on our financial condition would result if the surety bonds were called.

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We signed a definitive agreement to increase our investment in DDAC in February 2011. The transaction is subject to Chinese government approval and is expected to close during the first half of 2011 with a cash payment approximating $120 due at closing. In February 2011, we completed a transaction with SIFCO, a Brazilian forging and machining supplier to the vehicular markets. We paid $150 to SIFCO at closing.

Contingencies

For a summary of litigation and other contingencies, see Note 15 to our consolidated financial statements in Item 8. We believe that any liabilities beyond the amounts already accrued that may result from these contingencies will not have a material adverse effect on our liquidity, financial condition or results of operations.

Critical Accounting Estimates

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

Income taxes Accounting for income taxes is complex, in part because we conduct business globally and therefore file income tax returns in numerous tax jurisdictions. Significant judgment is required in determining the income tax provision, uncertain tax positions, deferred tax assets and liabilities and the valuation allowance recorded against ou