UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

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

For the quarterly period ended: September 30, 2009
Commission File Number: 1-1063

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No 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 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 o	Accelerated filer ☑	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

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 ☑ No o

APPLICABLE ONLY TO CORPORATE ISSUERS:
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 28, 2009
Common stock, $0.01 par value	139,247,408

DANA HOLDING CORPORATION — FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2009

TABLE OF CONTENTS

		10-Q Pages
Table of Contents		2
PART I — FINANCIAL INFORMATION		
Item 1	Financial Statements Consolidated Statement of Operations (Unaudited)	3
	Consolidated Balance Sheet (Unaudited)	4
	Consolidated Statement of Cash Flows (Unaudited)	5
	Notes to Consolidated Financial Statements (Unaudited)	6
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	33
Item 3	Quantitative and Qualitative Disclosures About Market Risk	50
Item 4	Controls and Procedures	50
PART II — OTHER INFORMATION		
Item 1	Legal Proceedings	50
Item 1A	Risk Factors	51
Item 6	Exhibits	51
Signatures		52

Exhibit Index
EX-10.1
EX-31.1
EX-31.2
EX-32

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Dana				Prior Dana
	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,	One Month Ended January 31,
	2009	2008	2009	2008	2008
Net sales	$ 1,329	$ 1,929	$ 3,735	$ 5,823	$ 751
Costs and expenses					
Cost of sales	1,247	1,881	3,598	5,572	702
Selling, general and administrative expenses	73	87	217	236	34
Amortization of intangibles	18	18	53	49	
Realignment charges, net	14	16	93	61	12
Impairment of goodwill		105		180	
Impairment of intangible assets		3	6	10	
Other income, net	10	2	100	54	8
Income (loss) from continuing operations before interest, reorganization items and income taxes	(13)	(179)	(132)	(231)	11
Interest expense	36	37	108	99	8
Reorganization items		1	(2)	22	98
Fresh start accounting adjustments					1,009
Income (loss) from continuing operations before income taxes	(49)	(217)	(238)	(352)	914
Income tax benefit (expense)	9	(24)	39	(56)	(199)
Equity in earnings of affiliates	2	(13)	(2)	(10)	2
Income (loss) from continuing operations	(38)	(254)	(201)	(418)	717
Loss from discontinued operations		(1)		(4)	(6)
Net income (loss)	(38)	(255)	(201)	(422)	711
Less: Noncontrolling interests net income (loss)		1	(6)	6	2
Net income (loss) attributable to the parent company	(38)	(256)	(195)	(428)	709
Preferred stock dividend requirements	8	8	24	21	
Net income (loss) available to common stockholders	$ (46)	$ (264)	$ (219)	$ (449)	$ 709
Income (loss) per share from continuing operations attributable to parent company stockholders:					
Basic	$ (0.45)	$ (2.64)	$ (2.17)	$ (4.45)	$ 4.77
Diluted	$ (0.45)	$ (2.64)	$ (2.17)	$ (4.45)	$ 4.75
Loss per share from discontinued operations attributable to parent company stockholders:					
Basic	$ -	$ (0.02)	$ -	$ (0.04)	$ (0.04)
Diluted	$ -	$ (0.02)	$ -	$ (0.04)	$ (0.04)
Net income (loss) per share attributable to parent company stockholders:					
Basic	$ (0.45)	$ (2.66)	$ (2.17)	$ (4.49)	$ 4.73
Diluted	$ (0.45)	$ (2.66)	$ (2.17)	$ (4.49)	$ 4.71
Average common shares outstanding					
Basic	101	100	100	100	150
Diluted	101	100	100	100	150

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

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

	September 30, 2009	December 31, 2008
Assets		
Current assets		
Cash and cash equivalents	$ 814	$ 777
Accounts receivable		
Trade, less allowance for doubtful accounts of $19 in 2009 and $23 in 2008	800	827
Other	158	170
Inventories		
Raw materials	309	394
Work in process and finished goods	370	521
Other current assets	75	58
Total current assets	2,526	2,747
Goodwill	113	108
Intangibles	508	569
Investments and other assets	242	207
Investments in affiliates	135	135
Property, plant and equipment, net	1,738	1,841
Total assets	$ 5,262	$ 5,607
Liabilities and equity		
Current liabilities		
Notes payable, including current portion of long-term debt	$ 30	$ 70
Accounts payable	643	824
Accrued payroll and employee benefits	122	120
Accrued realignment costs	30	65
Taxes on income	65	93
Other accrued liabilities	276	274
Total current liabilities	1,166	1,446
Long-term debt	966	1,181
Deferred employee benefits and other non-current liabilities	867	845
Commitments and contingencies (Note 17)		
Total liabilities	2,999	3,472
Parent company stockholders' equity		
Preferred stock, 50,000,000 shares authorized		
Series A, $0.01 par value, 2,500,000 issued and outstanding	242	242
Series B, $0.01 par value, 5,400,000 issued and outstanding	529	529
Common stock, $0.01 par value, 450,000,000 authorized, 134,164,308 issued and outstanding	1	1
Additional paid-in capital	2,545	2,321
Accumulated deficit	(925)	(706)
Accumulated other comprehensive loss	(228)	(359)
Total parent company stockholders' equity	2,164	2,028
Noncontrolling interests	99	107
Total equity	2,263	2,135
Total liabilities and equity	$ 5,262	$ 5,607

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

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

	Dana		Prior Dana
	Nine Months Ended September 30, 2009	Eight Months Ended September 30, 2008	One Month Ended January 31, 2008
Cash flows – operating activities			
Net income (loss)	$ (201)	$ (422)	$ 711
Depreciation	231	194	23
Amortization of intangibles	64	60	
Amortization of inventory valuation		49	
Amortization of deferred financing charges and original issue discount	27	17	
Impairment of goodwill and other intangible assets	6	190	
Deferred income taxes	(31)	(18)	191
Gain on extinguishment of debt	(35)		
Reorganization:			
Reorganization items net of cash payments	(4)	(24)	79
Payment of claims		(100)	
Payments to VEBAs		(733)	(55)
Gain on settlement of liabilities subject to compromise			(27)
Fresh start adjustments			(1,009)
Pension contributions in excess of expense	(5)	(32)	
Change in working capital	49	(152)	(61)
Other, net	(13)	38	26
Net cash flows provided by (used in) operating activities	88	(933)	(122)
Cash flows – investing activities			
Purchases of property, plant and equipment	(74)	(148)	(16)
Proceeds from sale of businesses and assets	3		5
Change in restricted cash			93
Other			(5)
Net cash flows provided by (used in) investing activities	(71)	(148)	77
Cash flows – financing activities			
Net change in short-term debt	(36)	(74)	(18)
Advance received on corporate facility sale	11		
Proceeds from Exit Facility debt		80	1,350
Deferred financing payments	(1)	(2)	(40)
Proceeds from long-term debt	5		
Repayment of long-term debt	(197)	(11)	
Proceeds from issuance of common stock	217		
Dividends paid to preferred stockholders		(18)	
Dividends paid to noncontrolling interests	(5)	(6)	
Repayment of debtor-in-possession facility			(900)
Payment of DCC Medium Term Notes			(136)
Original issue discount payment			(114)
Issuance of Series A and Series B preferred stock			771
Other	(1)	1	(1)
Net cash flows provided by (used in) financing activities	(7)	(30)	912
Net increase (decrease) in cash and cash equivalents	10	(1,111)	867
Cash and cash equivalents – beginning of period	777	2,147	1,271
Effect of exchange rate changes on cash balances	27	(29)	5
Net change in cash of discontinued operations			4
Cash and cash equivalents – end of period	$ 814	$ 1,007	$ 2,147

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

Dana Holding Corporation
Index to Notes to the Consolidated
Financial Statements

1. Organization and Summary of Significant Accounting Policies
2. Emergence from Chapter 11
3. Reorganization Items
4. Discontinued Operations
5. Realignment of Operations
6. Inventories
7. Goodwill, Other Intangible Assets and Long-lived Assets
8. Capital Stock
9. Earnings Per Share
10. Incentive and Stock Compensation
11. Pension and Postretirement Benefit Plans
12. Comprehensive Income (Loss)
13. Cash Deposits
14. Liquidity and Financing Agreements
15. Fair Value Measurements
16. Risk Management and Derivatives
17. Commitments and Contingencies
18. Warranty Obligations
19. Income Taxes
20. Other Income, Net
21. Segments

Notes to Consolidated Financial Statements

(In millions, except share and per share amounts)

Note 1. Organization and Summary of Significant Accounting Policies

General

As a result of Dana Corporation's emergence from Chapter 11 of the United States Bankruptcy Code (Chapter 11) on January 31, 2008 (the Effective Date), Dana Holding Corporation (Dana) is 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 with 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 Prior Dana or Dana, as the case may be, unless otherwise indicated or the context requires otherwise.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the periods presented. Certain information and footnote disclosures included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC). These financial statements should be read in conjunction with our Annual Report on Form 10-K (Form 10-K) for the year ended December 31, 2008 and our Form 8-K filed September 2, 2009 to report updated financial statements and other affected financial information for retrospective adjustments resulting from certain accounting changes in 2009. Financial results for interim periods are not necessarily indicative of anticipated results for the entire year. The results of operations for the three- and nine-month periods ended September 30, 2009 are not necessarily indicative of results for our 2009 fiscal year because of seasonal variations and other factors.

This report includes the results of the 2008 implementation of the Third Amended Joint Plan of Reorganization of Debtors and Debtors in Possession as modified (the Plan) and the effects of the adoption of fresh start accounting. In accordance with GAAP, historical financial statements of Prior Dana are presented separately from Dana results. The implementation of the Plan and the application of fresh start accounting result in financial statements that are not comparable to financial statements in periods prior to emergence.

Summary of Significant Accounting Policies

Basis of Presentation — Our financial statements include all subsidiaries in which we have the ability to control operating and financial policies and are consolidated in conformity with GAAP. All significant intercompany balances and transactions have been eliminated in consolidation. Affiliated companies (20% to 50% ownership) are recorded in the statements using the equity method of accounting. Certain prior period amounts have been reclassified to conform to the current year presentation.

Dana and forty of its wholly-owned subsidiaries (collectively, the Debtors) reorganized under Chapter 11 of the United States Bankruptcy Code from March 3, 2006 (the Filing Date) through the Effective Date. The financial statements for periods subsequent to the filing of a Chapter 11 petition distinguish transactions and events that are directly associated with the reorganization and related restructuring of our business from the ongoing operations of the business.

Effective February 1, 2008, we adopted fresh start accounting. Pursuant to the Plan, all outstanding securities of Prior Dana were cancelled and new securities were issued. In addition, fresh start accounting required that our assets and liabilities be stated at fair value upon our emergence from Chapter 11.

On January 1, 2009, we reorganized our operating segments into a new management structure and modified the calculation of segment earnings before interest, taxes, depreciation and amortization (EBITDA), our segment measure of profitability (see Note 21). The Light Axle and Driveshaft segments were combined into the Light Vehicle Driveline (LVD) segment with certain operations from these former segments moving to our Commercial Vehicle and Off-Highway segments. Prior period amounts have been revised to conform to the current year's presentation.

Change in Accounting Principle — Our inventories are valued at the lower of cost or market. On January 1, 2009, we changed the method of determining the cost basis of inventories for our U.S. operations from the last-in, first-out (LIFO) basis to the first-in, first-out (FIFO) basis. See Note 6 for additional information regarding this change. Our non-U.S. operations continue to determine cost using an average or a FIFO cost basis.

Recently Adopted Accounting Standards

In December 2007, the Financial Accounting Standards Board (FASB) issued guidance regarding noncontrolling interests in consolidated financial statements. This requirement changes the accounting for and reporting of minority interests (noncontrolling interests) in consolidated financial statements, became effective January 1, 2009 and clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. We adopted this standard effective January 1, 2009. The presentation and disclosure requirements of this standard are applied retrospectively for all periods presented. See Note 12 for a reconciliation of the beginning and ending carrying amount of equity attributable to the parent company and to noncontrolling interests.

On January 1, 2009, we adopted FASB guidance related to disclosures about derivative instruments and hedging activities. This guidance provides for enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and the related hedged items are accounted for and how derivative instruments and the related hedged items affect an entity's financial position, financial performance and cash flows. The adoption of this guidance did not have an impact on our consolidated financial position or results of operations. For additional information, see Note 16.

In April 2009, the FASB issued new Staff Positions all of which impact the accounting and disclosure related to certain financial instruments. This guidance covers the determination of fair value when the volume and level of activity for the asset or liability have significantly decreased and provides additional guidance for estimating fair value for transactions that are not orderly. It also covers recognition and presentation of other-than-temporary impairments and amends the guidance for debt securities to make the guidance more operational. The new guidance requires interim disclosures about fair value of financial instruments and expands disclosures about the fair value of financial instruments. This guidance became effective for the second quarter of 2009. Adoption did not have an impact on our consolidated financial position or results of operations. Our valuations with respect to nonfinancial assets and nonfinancial liabilities that are measured at fair value in the financial statements on a non-recurring basis include market data or assumptions that we believe market participants would use in pricing an asset or liability. Our valuation techniques include a combination of observable and unobservable inputs. For additional information see Notes 7 and 15.

In May 2009, the FASB issued guidance that requires companies to recognize in the financial statements the effects of subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet including the estimates inherent in the process of preparing financial statements. Subsequent events that provide evidence about conditions that did not exist at the balance sheet date but arose before the financial statements are issued are required to be disclosed if significant. We have properly considered subsequent events through November 3, 2009, the date of this Form 10-Q filing and the date of issuance of the financial statements.

In June 2009, the FASB issued pronouncements regarding the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles. This guidance identifies the FASB Accounting Standards Codification as the authoritative source of GAAP. Rules and interpretive releases of the SEC under federal securities laws are also sources of authoritative GAAP for SEC registrants. This guidance is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this guidance did not have an impact on our consolidated financial statements.

Recent Accounting Pronouncements

In December 2008, the FASB issued a Staff Position regarding employers' disclosures about postretirement benefit plan assets. This guidance expands disclosures about the types of assets and associated risks in an employer's defined benefit pension or other postretirement plan. An employer will also be required to disclose information about the valuation of plan assets similar to that required under guidance related to fair value measurements. These disclosures include the level within the fair value hierarchy in which fair value measurements of plan assets fall, information about the inputs and valuation techniques used to measure the fair value of plan assets and the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period. The new disclosures are required to be included in financial statements for years ending after December 15, 2009.

In June 2009, the FASB issued guidance regarding accounting for transfers of financial assets. The guidance seeks to improve the relevance and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. The guidance eliminates the concept of a qualifying special-purpose entity, creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, clarifies other sale-accounting criteria and changes the initial measurement of a transferor's interest in transferred financial assets. The guidance is effective January 1, 2010. We are currently evaluating the impact, if any, that this adoption will have on our consolidated financial statements.

In June 2009, the FASB issued additional guidance related to Variable Interest Entities (VIEs) and the determination of whether an entity is a VIE. Companies are required to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a VIE. The guidance requires ongoing assessments of whether an enterprise is the primary beneficiary of a VIE, requires enhanced disclosures and eliminates the scope exclusion for qualifying special-purpose entities. The guidance is effective for fiscal years beginning after November 15, 2009. We are currently evaluating the impact, if any, that the adoption of this guidance will have on our consolidated financial statements.

Note 2. Emergence from Chapter 11

Claims Resolution — On the Effective Date, the Plan was consummated and we emerged from Chapter 11. As provided in the Plan, we issued and set aside approximately 28 million shares of Dana common stock (valued in reorganization at $640) for future distribution to holders of allowed unsecured nonpriority claims in Class 5B under the Plan. These shares are being distributed as the disputed and unliquidated claims are resolved. The claim amount related to the 28 million shares for disputed and unliquidated claims was estimated not to exceed $700. Since emergence, we have issued 23 million of the 28 million shares for allowed claims (valued in reorganization at $539), increasing the total shares issued to 94 million (valued in reorganization at $2,167) for unsecured claims of approximately $2,249. The corresponding decrease in the disputed claims reserve leaves 5 million shares (valued in reorganization at $102). The remaining disputed and unliquidated claims total approximately $96. To the extent that these remaining claims are settled for less than the 5 million remaining shares, additional incremental distributions will be made to the holders of the previously allowed general unsecured claims in Class 5B.

Fresh Start Accounting — As required by GAAP, 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. Our reorganized consolidated balance sheet as of January 31, 2008 and the related disclosures are included in Note 2 of the notes to our consolidated financial statements included in our Form 10-K for the year ended December 31, 2008.

Note 3. Reorganization Items

Professional advisory fees and other costs directly associated with our reorganization were reported separately as reorganization items. Post-emergence professional fees relate to claim settlements, plan implementation and other transition costs attributable to the reorganization. Reorganization items of Prior Dana include provisions and adjustments to record the carrying value of certain pre-petition liabilities at their estimated allowable claim amounts, as well as the costs incurred by non-Debtor companies as a result of the Debtors' Chapter 11 proceedings.

The reorganization items in the consolidated statement of operations consisted of the following items:

	Dana				Prior Dana
	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,	One Month Ended January 31,
	2009	2008	2009	2008	2008
Professional fees	$ 1	$ 3	$ 1	$ 17	$ 27
Employee emergence bonus					47
Foreign tax costs due to reorganization					33
Other	(1)	(2)	(3)	5	19
Interest income					(1)
Total reorganization items		1	(2)	22	125
Gain on settlement of liabilities subject to compromise					(27)
Reorganization items, net	$ -	$ 1	$ (2)	$ 22	$ 98

During the second quarter of 2009, we reduced our vacation benefit liabilities 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. This adjustment is not material to the current year or to the prior periods to which they relate.

The gain on settlement of liabilities subject to compromise resulted from the satisfaction of these liabilities at emergence through issuance of Dana common stock or cash payments. The $125 of reorganization items for the one month ended January 31, 2008 included $104 of costs incurred as a direct consequence of emergence from Chapter 11. These costs included an accrual of $47 for stock bonuses for certain union and non-union employees, transfer taxes and other tax charges to effectuate the emergence and new legal organization, success fee obligations to certain professional advisors and other parties contributing to the Chapter 11 reorganization and other costs relating directly to emergence.

Note 4. Discontinued Operations

In 2005, the Board of Directors of Prior Dana approved the divestiture of our engine hard parts, fluid products and pump products operations and we reported these businesses as discontinued operations through the dates of divestiture. The divestiture of these discontinued operations was substantially completed during 2007 with the remaining pump products business divested in the first quarter of 2008. Prior Dana incurred a loss from discontinued operations of $6 in the month ended January 31, 2008 including a post closing adjustment of $5 and Dana incurred a loss of $4 in the eight months ended September 30, 2008.

Note 5. Realignment of Operations

Realignment of our manufacturing operations was an essential component of our Chapter 11 reorganization plans and remains a primary focus of management. We continue to eliminate excess capacity by closing and consolidating facilities and repositioning operations in lower cost facilities or those with excess capacity and focusing on reducing and realigning overhead costs.

Realignment expense includes costs associated with previously announced actions as well as programs initiated during 2009. These actions include various employee reduction programs, manufacturing footprint optimization programs and other realignment activities across our global businesses, including the transfer of certain U.S. LVD and Commercial Vehicle manufacturing operations to Mexico.

In January 2008, we announced the closure of our Barrie, Ontario Commercial Vehicle facility. Realignment expense in January 2008 included severance and other costs associated with the termination of approximately 160 employees and costs incurred to transfer the manufacturing operations to certain facilities in Mexico.

In the third quarter of 2008, we entered into an agreement to sell our corporate headquarters. The book value in excess of sale proceeds was recognized as accelerated depreciation and recorded as realignment expense from the date we entered the agreement through the closing of the agreement in February 2009. Under the terms of the agreement, we received proceeds of $11 and we were entitled to occupy the facility rent-free through January 2010 while absorbing the customary occupancy-related costs. Due to the conditions under which we continued to occupy the facility, the sale proceeds were deferred and initially classified as a liability. Based upon our intent to exit the facility during the third quarter of 2009, we recognized the sale of the facility in June 2009. Headquarters personnel were relocated to other facilities in the Toledo, Ohio area during the third quarter of 2009.

In response to increased economic and market challenges during the second half of 2008, particularly lower production volumes, we initiated cost reduction actions and continued to execute such plans in 2009. In 2008, we reduced our global workforce by approximately 6,000 employees, including approximately 5,000 in North America.

The adverse economic conditions first experienced in 2008 continued into 2009, prompting further cost reduction actions. We have reduced our headcount during 2009 from 29,000 at the end of 2008 to 23,000 at the end of the third quarter. These workforce reductions and other actions resulted in a net charge of $6 for severance and other benefit costs for the three-month period ended September 30, 2009 and $69 for the first nine months of 2009. Our 2009 cost reduction actions included the announced closures of the Mississauga, Ontario facility in our Thermal business; the McKenzie, Tennessee and Calatayud, Spain facilities in our Sealing business and the Beamsville, Ontario facility supporting our Commercial Vehicle business.

Realignment charges during the three months and nine months ended September 30, 2009 also included $8 and $24 of long-lived asset impairments and exit costs incurred for transfers of production activities among facilities and previously announced facility closures.

The following tables show the realignment charges and related payments and adjustments recorded during the three months and nine months ended September 30, 2009.

	Employee Termination Benefits	Long-Lived Asset Impairment	Exit Costs	Total
Balance at June 30, 2009	$ 35	$ -	$ 4	$ 39
Activity during the period:				
Charged to realignment	9	5	3	17
Adjustments of accruals	(3)			(3)
Non-cash write-off		(5)		(5)
Cash payments	(16)		(3)	(19)
Currency impact	1			1
Balance at September 30, 2009	$ 26	$ -	$ 4	$ 30
Balance at December 31, 2008	$ 55	$ -	$ 10	$ 65
Activity during the period:				
Charged to realignment	75	12	17	104
Adjustments of accruals	(6)		(5)	(11)
Non-cash write-off		(12)		(12)
Cash payments	(100)		(18)	(118)
Currency impact	2			2
Balance at September 30, 2009	$ 26	$ -	$ 4	$ 30

At September 30, 2009, $30 of realignment accruals remained in accrued liabilities, including $26 related to continuing benefits and the reduction of approximately 900 employees to be completed over the next year and $4 for lease continuation and other exit costs. The estimated cash expenditures related to these liabilities are projected to approximate $12 in 2009 and $18 thereafter. In addition to the $30 accrued at September 30, 2009, we estimate that another $14 will be expensed in the future to complete previously announced initiatives.

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

	Expense Recognized			Future Cost to Complete
	Prior to 2009	Year-to-Date 2009	Total to Date	
LVD	$ 89	$ 28	$ 117	$ 8
Structures	37	7	44	2
Sealing	3	15	18	2
Thermal		7	7	
Off-Highway	2	2	4	
Commercial Vehicle	31	25	56	2
Other	17	9	26	
Total continuing operations	$ 179	$ 93	$ 272	$ 14

The remaining cost to complete includes estimated noncontractual separation payments, lease continuation costs, equipment transfers and other costs which are required to be recognized as closures are finalized or as incurred during the closure.

Note 6. Inventories

On January 1, 2009, we changed the method of determining the cost of inventories for our U.S. operations from the LIFO basis to the FIFO basis. Our non-U.S. operations continue to determine cost using the average or FIFO cost method. We believe the change is preferable as the FIFO method discloses the current value of inventories on the consolidated balance sheet, provides greater uniformity across our operations and enhances our comparability with peers.

We applied the change in accounting method by adjusting the 2008 financial statements for the periods subsequent to our emergence from Chapter 11 on January 31, 2008. As a result of applying fresh start accounting, inventory values at January 31, 2008 had been adjusted to their acquired value which resulted in the LIFO basis equaling the FIFO basis at that date. At December 31, 2008, our FIFO basis exceeded our LIFO basis by $14. The change in accounting from the LIFO to FIFO method for 2008 was recorded as a reduction to cost of sales, resulting in a $14 benefit to operating income from continuing operations for the eleven months ended December 31, 2008. The accounting adjustment to a FIFO basis decreased cost of sales by $15 for the three months ended September 30, 2008 and by $7 for the eight months ended September 30, 2008. The $7 consists of a charge to cost of sales of $34 to amortize the valuation step-up recorded at January 31, 2008 in connection with fresh start accounting offset by $41 of reversal of the LIFO provision that had been recorded in that eight-month period. The eight-month credit of $7 and the reversal of additional credit LIFO reserves of $7 recorded in the fourth quarter of 2008 result in the net benefit of $14 for the eleven months ended December 31, 2008. There is no net effect on income tax expense due to the valuation allowances on U.S. deferred tax assets.

The impacts of this change in costing on the consolidated statement of operations for the three months ended September 30, 2009 and 2008 are presented in the following table:

	2009			2008		
	Three Months Ended September 30, 2009 (LIFO)	Difference Between LIFO and FIFO	As Reported Three Months Ended September 30, 2009 (FIFO)	As Reported Three Months Ended September 30, 2008 (LIFO)	Adjustments to Change from LIFO to FIFO	As Adjusted Three Months Ended September 30, 2008 (FIFO)
Cost of sales	$ 1,243	$ 4	$ 1,247	$ 1,896	$ (15)	$ 1,881
Income (loss) from continuing operations before interest, reorganization items and income taxes	(9)	(4)	(13)	(194)	15	(179)
Income (loss) from continuing operations before income taxes	(45)	(4)	(49)	(232)	15	(217)
Income (loss) from continuing operations	(34)	(4)	(38)	(269)	15	(254)
Net income (loss)	(34)	(4)	(38)	(270)	15	(255)
Net income (loss) attibutable to the parent company	(34)	(4)	(38)	(271)	15	(256)
Net income (loss) available to common stockholders	(42)	(4)	(46)	(279)	15	(264)
Loss per share from continuing operations attributable to parent company stockholders:						
Basic	$ (0.41)	$ (0.04)	$ (0.45)	$ (2.78)	$ 0.14	$ (2.64)
Diluted	$ (0.41)	$ (0.04)	$ (0.45)	$ (2.78)	$ 0.14	$ (2.64)
Net income (loss) per share attributabe to parent company stockholders:						
Basic	$ (0.41)	$ (0.04)	$ (0.45)	$ (2.79)	$ 0.13	$ (2.66)
Diluted	$ (0.41)	$ (0.04)	$ (0.45)	$ (2.79)	$ 0.13	$ (2.66)

Note: The “as reported” amounts for 2008 are presented after giving effect to the adjustments made to modify the reporting of noncontrolling interests.

Table of Contents

The impacts of this change in costing on the consolidated statement of operations for the nine months ended September 30, 2009 and the eight months ended September 30, 2008 are presented in the following table:

	2009			2008		
	Nine Months Ended September 30, 2009 (LIFO)	Difference Between LIFO and FIFO	As Reported Nine Months Ended September 30, 2009 (FIFO)	As Reported Eight Months Ended September 30, 2008 (LIFO)	Adjustments to Change from LIFO to FIFO	As Adjusted Eight Months Ended September 30, 2008 (FIFO)
Cost of sales	$ 3,582	$ 16	$ 3,598	$ 5,579	$ (7)	$ 5,572
Income (loss) from continuing operations before interest, reorganization items and income taxes	(116)	(16)	(132)	(238)	7	(231)
Income (loss) from continuing operations before income taxes	(222)	(16)	(238)	(359)	7	(352)
Income (loss) from continuing operations	(185)	(16)	(201)	(425)	7	(418)
Net income (loss)	(185)	(16)	(201)	(429)	7	(422)
Net income (loss) attributable to the parent company	(179)	(16)	(195)	(435)	7	(428)
Net income (loss) available to common stockholders	(203)	(16)	(219)	(456)	7	(449)
Income (loss) per share from continuing operations attributable to parent company stockholders:						
Basic	$ (2.01)	$ (0.16)	$ (2.17)	$ (4.52)	$ 0.07	$ (4.45)
Diluted	$ (2.01)	$ (0.16)	$ (2.17)	$ (4.52)	$ 0.07	$ (4.45)
Net income (loss) per share attributabe to parent company stockholders:						
Basic	$ (2.01)	$ (0.16)	$ (2.17)	$ (4.56)	$ 0.07	$ (4.49)
Diluted	$ (2.01)	$ (0.16)	$ (2.17)	$ (4.56)	$ 0.07	$ (4.49)

Note: The “as reported” amounts for 2008 are presented after giving effect to the adjustments made to modify the reporting of noncontrolling interests.

The impacts of this change on reported balances at December 31, 2008 and September 30, 2009 are as follows:

	2009			2008		
	September 30, 2009 (LIFO)	Difference Between LIFO and FIFO	As Reported September 30, 2009 (FIFO)	As Reported December 31, 2008 (LIFO)	Adjustments to Change from LIFO to FIFO	As Adjusted December 31, 2008 (FIFO)
Inventories	$ 681	$ (2)	$ 679	$ 901	$ 14	$ 915
Total current assets	2,528	(2)	2,526	2,733	14	2,747
Total assets	5,264	(2)	5,262	5,593	14	5,607
Accumulated deficit	(923)	(2)	(925)	(720)	14	(706)
Total parent company stockholders’ equity	2,166	(2)	2,164	2,014	14	2,028
Total equity	2,265	(2)	2,263	2,121	14	2,135
Total liabilities and equity	5,264	(2)	5,262	5,593	14	5,607

Note: The “as reported” amounts for 2008 are presented after giving effect to the adjustments made to modify the reporting of noncontrolling interests.

The impacts of this change on operating cash flow for the nine months ended September 30, 2009 and the eight months ended September 30, 2008 are as follows:

	2009			2008		
	Nine Months Ended September 30, 2009 (LIFO)	Adjustments to Change from LIFO to FIFO	As Reported Nine Months Ended September 30, 2009 (FIFO)	As Reported Eight Months Ended September 30, 2008 (LIFO)	Adjustments to Change from LIFO to FIFO	As Adjusted Eight Months Ended September 30, 2008 (FIFO)
Net income (loss)	$ (185)	$ (16)	$ (201)	$ (429)	$ 7	$ (422)
Amortization of inventory valuation				15	34	49
Change in working capital	33	16	49	(111)	(41)	(152)

Note: The “as reported” amounts for 2008 are presented after giving effect to the adjustments made to modify the reporting of noncontrolling interests.

During the third quarter of 2009, we reduced inventory and charged cost of sales for $6 to correct an overstatement of inventory related to full absorption costing that arose in 2008. The $6 charge is not included in segment EBITDA, as full absorption adjustments are recorded at the corporate level. This adjustment was not considered material to the current period or the prior periods to which it related. The correction of full absorption costing also required the reclassification of $5 from cost of sales to selling, general and administrative expenses in each of the first two quarters of 2009. Year-to-date cost of sales has been reduced and selling, general and administrative expenses increased by $10 in the financial statements for the nine months ended September 30, 2009 to correct the classification of these costs. The impact on classification of costs in prior periods was not considered material.

Note 7. Goodwill, Other Intangible Assets and Long-lived Assets

Goodwill — We test goodwill for impairment on an annual basis unless conditions arise that warrant an interim review. The annual impairment tests are performed as of October 31. In assessing the recoverability of goodwill estimates of fair value are based upon consideration of various valuation methodologies, including projected future cash flows and multiples of current earnings. If these estimates or related projections change in the future, we may be required to record goodwill impairment charges.

During the second quarter of 2009, our assessment of the effects of the pace of the market recovery on our forecast for the remainder of the year and for future periods led us to conclude that the related reduction in cash flows projected for those periods comprised a triggering event. As a result, we evaluated our Off-Highway goodwill and indefinite-lived intangible assets of all of our segments to test for impairment using the fair value methodology described in Note 2 of the notes to our consolidated financial statements in our Form 8-K filed September 2, 2009 as modified by the fair value guidance discussed under “recently adopted accounting standards” in Note 1 above.

For the Off-Highway goodwill evaluation we used the average of a discounted cash flow (DCF) valuation and comparable company multiple valuation. We utilized a discount rate of 12.9% for the DCF analysis and an EBITDA multiple of 7.7 based on comparable companies in similar markets. The updated fair value of the Off-Highway segment supported the carrying value of the net assets of this business at June 30, 2009 and, accordingly, no impairment charge was recorded in the second quarter of 2009.

No triggering events were identified in the third quarter of 2009. However, market conditions or operational execution impacting any of the key assumptions underlying our estimated cash flows could result in future goodwill impairment. Our remaining goodwill relates to the Off-Highway segment and increased from $108 at December 31, 2008 to $113 at September 30, 2009 due to foreign currency translation.

Other Intangible Assets — Intangible assets include core technology, trademarks and trade names and customer relationships. Core technology includes the proprietary know-how and expertise that is inherent in our products and manufacturing processes. Trademarks and trade names include our trade names related to product lines and the related trademarks including Dana®, Spicer ® and others. Customer relationships include the established relationships with our customers and the related ability of these customers to continue to generate future recurring revenue and income.

Customer contracts and developed technology have finite lives while substantially all of the trademarks and trade names have indefinite lives. Definite-lived intangible assets are amortized over their useful lives using the straight-line method of amortization and are periodically reviewed for impairment indicators. Indefinite-lived intangible assets are reviewed for impairment annually or more frequently if impairment indicators exist.

Due to the second-quarter 2009 assessment of our forecasted results noted above, we performed impairment testing on our indefinite-lived intangible assets as of June 30, 2009 and determined that the fair value of trademarks and trade names had declined below the carrying value. These valuations resulted in impairments of $4 in our Commercial Vehicle segment and $2 in our Off-Highway segment in the second quarter of 2009 which we reported as impairment of intangible assets.

We utilized an income approach, the relief from royalty method, for the valuation of the fair value of our trademarks and trade names. This approach is consistent with the fair value guidance discussed under “Recently Adopted Accounting Standards” in Note 1 above. Four trade names/trademarks are identified as intangible assets: Dana®, Spicer ®, Victor-Reinz® and Long®. The fair value of trademarks and trade names is included in the fair value disclosure in Note 15.

The following table summarizes the components of other intangible assets at September 30, 2009:

	Weighted Average Useful Life (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets:				
Core technology	7	$ 99	$ (26)	$ 73
Trademarks and trade names	17	4		4
Customer relationships	8	487	(120)	367
Non-amortizable intangible assets:				
Trademarks and trade names		64		64
		$ 654	$ (146)	$ 508

The net carrying amounts of intangible assets attributable to each of our operating segments at September 30, 2009 were as follows: LVD — $24, Sealing — $40, Thermal — $19, Structures — $47, Commercial Vehicle — $202 and Off-Highway — $176.

Amortization expense related to intangible assets was $22 and $64 for the three months and nine months ended September 30, 2009. Year-to-date amortization of core technology of $11 was charged to cost of sales and $53 of amortization of trademarks and trade names and customer relationships was charged to amortization of intangibles.

Estimated aggregate pre-tax amortization expense related to intangible assets for the remainder of 2009 and each of the next five years is as follows: remainder of 2009 — $19, 2010 — $74, 2011 — $72, 2012 — $72, 2013 — $72 and 2014 — $69. Actual amounts may differ from these estimates due to such factors as currency translation, customer turnover, impairments, additional intangible asset acquisitions and other events.

Long-lived Assets — Based on the second-quarter assessment of our forecasted results noted above, we evaluated our long-lived assets in each segment for impairment. We reviewed the recoverability of these assets by comparing the carrying amount of the assets to the projected undiscounted future net cash flows expected to be generated. These assessments supported the carrying values of the long-lived assets at the end of the second quarter of 2009; however, deterioration of market conditions or operational execution impacting any of the key assumptions underlying our estimated cash flows could result in future long-lived asset impairment.

Note 8. Capital Stock

Series A and Series B Preferred Stock — Dividends on the preferred stock have been accrued from the issue date at a rate of 4% per annum and are payable in cash on a quarterly basis as approved by the Board of Directors. The payment of preferred dividends was suspended in November 2008 under the terms of our amended Term Facility and may resume when our total leverage ratio as of the end of the previous fiscal quarter is less than or equal to 3.25:1.00. See Note 14 for additional information on the amended Term Facility. Preferred dividends accrued but not paid at September 30, 2009 were $34.

Common Stock — At September 30, 2009, we had issued 134,198,885 shares of our common stock and we held less than $1 in treasury stock (34,577 shares at an average cost per share of $6.31).

On September 29, 2009, we completed an underwritten offering of 34 million shares of common stock at $6.75 per share, generating proceeds of $217, net of underwriting commissions and related offering expenses (see Note 14). On October 5, 2009, we completed the sale of an additional 5 million shares, generating net proceeds of $33.

Note 9. Earnings Per Share

The following table reconciles the weighted-average number of shares used in the basic earnings per share calculations to the weighted-average number of shares used to compute diluted earnings per share (in millions of shares):

	Dana				Prior Dana
	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,	One Month Ended January 31,
	2009	2008	2009	2008	2008
Weighted-average number of shares outstanding - basic	100.9	100.1	100.4	100.1	149.9
Employee compensation-related shares, including stock options					0.5
Weighted-average number of shares outstanding - diluted	100.9	100.1	100.4	100.1	150.4

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to parent company stockholders, less preferred stock dividend requirements, by the weighted-average number of common shares outstanding. The outstanding common shares computation excludes any shares held in treasury.

In September 2009, we issued an additional 34 million shares in a common stock offering (see Note 14). The terms of our Series A and Series B convertible preferred stock allow for adjustments to the conversion price when dilution occurs (based on a formula set forth in our Restated Certificate of Incorporation). The preferred stock conversion price changed from $13.19 to $12.06 at September 30, 2009 as a result of the common stock issued in September 2009 and our preferred shares would have converted into approximately 65.5 million shares of common stock at September 30, 2009. The additional issuance of common stock in October 2009 lowered the preferred stock conversion price to $11.93 which would result in the conversion of our preferred shares into approximately 66.2 million shares of common stock.

The share count for diluted earnings (loss) per share is computed on the basis of the weighted-average number of common shares outstanding plus the effects of dilutive common stock equivalents (CSEs) outstanding during the period. CSEs, which are securities that may entitle the holder to obtain common stock, include outstanding stock options, restricted stock unit awards, performance share awards and preferred stock. When the average price of the common stock during the period exceeds the exercise price of a stock option, the options are considered potentially dilutive CSEs. To the extent these CSEs are anti-dilutive they are excluded from the calculation of diluted earnings per share. Also, when there is a loss from continuing operations, potentially dilutive shares are excluded from the computation of earnings per share as their effect would be anti-dilutive due to the loss.

We excluded 4.1 million and 4.2 million of CSEs from the table above for the quarters ended September 30, 2009 and 2008 and we excluded 5.9 million and 2.0 million of CSEs for the nine months ended September 30, 2009 and eight months ended September 30, 2008 as the effect of including them would have been anti-dilutive. In addition, we excluded CSEs that satisfied the definition of potentially dilutive shares of 4.0 million, zero, 1.3 million and 0.1 million for these same periods due to the dilutive effect of the loss from continuing operations for these periods. Conversion of the preferred stock was also not included in the share count for diluted earnings per share due to the loss from continuing operations.

The calculation of earnings per share is based on the following income (loss) attributable to the parent company stockholders:

	Dana				Prior Dana
	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,	One Month Ended January 31,
	2009	2008	2009	2008	2008
Income (loss) from continuing operations	$ (38)	$ (255)	$ (195)	$ (424)	$ 715
Loss from discontinued operations		(1)		(4)	(6)
Net income (loss)	$ (38)	$ (256)	$ (195)	$ (428)	$ 709

Earnings for income (loss) per share from continuing operations attributable to parent company stockholders and net income (loss) attributable to parent company stockholders include the charge for the preferred stock dividend requirement. Earnings per share information reported by Prior Dana is not comparable to earnings per share information reported by Dana because all existing equity interests of Prior Dana were eliminated upon the consummation of the Plan.

Note 10. Incentive and Stock Compensation

Our Board of Directors granted approximately 4.3 million stock options, 0.6 million stock appreciation rights (SARs) and 0.3 million restricted stock units (RSUs) during the first nine months of 2009 under the 2008 Omnibus Incentive Plan. The weighted-average exercise price and fair value at grant date per share of both the options and SARs issued during the period were $0.80 and $0.48. The weighted-average grant-date fair value per share of the RSUs was $1.32. The expected term was estimated using the simplified method as historical data was not sufficient to provide a reasonable estimate. Stock options related to 0.4 million shares were forfeited in the first nine months of 2009.

We estimated fair values for options and SARs granted during the period using the following key assumptions as part of the Black-Scholes option pricing model:

	Weighted-Average of Assumptions
Expected term (in years)	6.00
Risk-free interest rate	2.16%
Expected volatility	63.05%

We recognized stock compensation expense of $4 and $2 for the three months ended September 30, 2009 and 2008 and recognized $8 and $4 during the nine months ended September 30, 2009 and eight months ended September 30, 2008 and no expense in the one month ended January 31, 2008. As of September 30, 2009, unearned compensation cost related to the unvested portion of all stock based awards granted was approximately $11 and is expected to be recognized over vesting periods averaging from 0.2 to 1.2 years.

Note 11. Pension and Postretirement Benefit Plans

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

The components of net periodic benefit costs (credits) were as follows:

	Pension Benefits				Other Benefits	
	Dana Three Months Ended September 30,				Dana Non-U.S. Three Months Ended September 30,	
	2009		2008			
	U.S.	Non-U.S.	U.S.	Non-U.S.	2009	2008
Service cost	$ -	$ 2	$ -	$ 2	$ -	$ -
Interest cost	27	5	27	6	2	1
Expected return on plan assets	(29)	(3)	(33)	(3)		
Net periodic benefit cost (credit)	(2)	4	(6)	5	2	1
Curtailment loss			2			
Net periodic benefit cost (credit) after curtailment costs	$ (2)	$ 4	$ (4)	$ 5	$ 2	$ 1

There were no net periodic other benefit costs in the U.S. for the three months ended September 30, 2009 and 2008. Our other postretirement benefit costs for all U.S. employees and retirees were eliminated at emergence.

	Pension Benefits					
	Dana				Prior Dana	
	Nine Months Ended September 30, 2009		Eight Months Ended September 30, 2008		One Month Ended January 31, 2008	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	$ -	$ 5	$ -	$ 6	$ 1	$ 1
Interest cost	82	14	73	17	9	2
Expected return on plan assets	(87)	(7)	(92)	(11)	(12)	(2)
Recognized net actuarial loss					2	
Net periodic benefit cost (credit)	(5)	12	(19)	12		1
Curtailment loss			2			
Settlement gain				(12)		
Termination cost			7			
Net periodic benefit cost (credit) after curtailments, settlements and termination costs	$ (5)	$ 12	$ (10)	$ -	$ -	$ 1

	Other Benefits			
	Dana Non-U.S.		Prior Dana	
	Nine Months	Eight Months	One Month Ended January 31, 2008	
	Ended September 30,			
	2009	2008	U.S.	Non-U.S.
Service cost	$ -	$ 1	$ -	$ -
Interest cost	5	4	5	1
Amortization of prior service cost			(3)	
Recognized net actuarial loss			3	
Net periodic benefit cost	5	5	5	1
Curtailment gain	(1)		(61)	
Net periodic benefit cost (credit) after curtailments	$ 4	$ 5	$ (56)	$ 1

There were no net periodic other benefit costs in the U.S. for the nine months ended September 30, 2009 and the eight months ended September 30, 2008. Our other postretirement benefit costs for all U.S. employees and retirees were eliminated at emergence.

Our workforce reduction actions in the U.S. reached a level by the third quarter of 2009 that required a remeasurement of one of our pension plans. The remeasurement of the affected pension plan at August 31, 2009 reduced the reported fair value of plan assets, net, by $2 with a net charge to other comprehensive income (OCI) of $2. The related curtailment cost was less than $1 and was included in realignment charges.

In the second quarter of 2009, we recorded less than $1 in pension curtailment gains related to our workforce reduction actions. The affected pension plans were remeasured at May 31, 2009. The remeasurement reduced the reported fair value of plan assets by less than $1 and increased the reported defined benefit obligations by $1 with a net charge to OCI of $1. As a result of the terminations, settlement actions reduced the benefit obligations by $4 and also reduced the fair value of plan assets by $4. We also recorded $1 in postretirement healthcare curtailment gains related to our workforce reduction actions. The affected plans were remeasured at May 31, 2009. The remeasurement increased the postretirement healthcare obligation by $4 with a charge to OCI of $4.

During the first quarter of 2009, we settled a portion of the Canadian retiree pension benefit obligations by purchasing non-participating annuity contracts to cover vested benefits. This action necessitated a remeasurement of the assets and liabilities of the affected plans as of February 28, 2009. The discount rate used for remeasurement was 6.39%. As a result of the annuity purchases, we reduced the benefit obligation by $43 and also reduced the fair value of plan assets by $43. We recorded the related settlement loss of less than $1 in cost of sales.

In 2008, employee acceptances of early retirement incentives in the U.S. generated pension plan special termination costs of $7 in the second quarter which were included in realignment charges as well as curtailment losses of $2 which were charged against OCI. Similar incentives in the U.S. generated curtailment losses of $2 in the third quarter which were included in realignment charges. The affected pension plans were remeasured at June 30, 2008 and again at August 31, 2008. The remeasurement at June 30, 2008 increased net assets by $3 and reduced the net defined benefit obligations by $32 with a credit to OCI of $35. The remeasurement at August 31, 2008 increased net assets by $2 and increased the net defined benefit obligations by $72 with a charge to OCI for $70.

Also during the second quarter of 2008, we settled a substantial portion of the Canadian retiree pension benefit obligations by purchasing non-participating annuity contracts to cover vested benefits. This action necessitated a remeasurement of the assets and liabilities of the affected plans as of May 31, 2008. The discount rate used for remeasurement was 5.50%. As a result of the annuity purchases, we reduced the benefit obligation by $114 and also reduced the fair value of plan assets by $114. We recorded the related settlement gain of $12 as a reduction to cost of sales.

Our postretirement healthcare obligations for all U.S. employees and retirees were eliminated upon emergence. We contributed an aggregate of approximately $733 in cash on February 1, 2008 (which is net of amounts incurred and paid for non-pension retiree benefits, long-term disability and related healthcare claims of retirees between July 1, 2007 and January 31, 2008) to union-administered Voluntary Employee Benefit Associations (VEBAs). As a result of the changes in our U.S. other postretirement benefits that became effective on January 31, 2008 with our emergence from Chapter 11, we recognized a portion of the previously unrecognized prior service credits as a curtailment gain of $61 due to the negative plan amendment and reported it as a component of the gain on settlement of liabilities subject to compromise as of January 31, 2008. The gain was calculated based on the current estimate of the future working lifetime attributable to those participants who will not receive benefits following the estimated exhaustion of funds. The calculation used current plan assumptions and current levels of plan benefits. In connection with the recognition of our obligations to the VEBAs at emergence, the accumulated postretirement benefit obligation (APBO) was reset to an amount equal to the VEBA payments, resulting in a reduction of $278 with an offsetting credit to accumulated other comprehensive loss.

Note 12. Comprehensive Income (Loss)

Comprehensive income (loss) includes our net income (loss) and components of OCI such as currency translation adjustments that are charged or credited directly to equity.

The components of our total comprehensive income (loss) were as follows:

	Dana				Prior Dana
	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,	One Month Ended January 31,
Parent company:	2009	2008	2009	2008	2008
Net income (loss) attributable to parent company	$ (38)	$ (256)	$ (195)	$ (428)	$ 709
Other comprehensive income (loss):					
Currency translation	54	(185)	110	(108)	3
Postretirement healthcare plan amendments					278
Immediate recognition of prior service credit due to curtailment					(61)
Pension plan settlements				(9)	
Pension plan curtailments				(2)	
Benefit plan actuarial loss, net	(2)	(68)	(17)	(20)	(140)
Reclassification to net income (loss) of benefit plan amortization					2
Income tax provision	(14)	26	(23)		
Unrealized investment gains (losses) and other	42	(10)	61	(23)	(6)
Total other comprehensive income (loss)	80	(237)	131	(162)	76
Comprehensive income (loss) attributable to the parent company	$ 42	$ (493)	$ (64)	$ (590)	$ 785
Noncontrolling interests:					
Noncontrolling interest net income (loss)	$ -	$ 1	$ (6)	$ 6	$ 2
Other comprehensive income (loss):					
Currency translation	2	(5)	3	(4)	(21)
Other					3
Total other comprehensive income (loss)	2	(5)	3	(4)	(18)
Noncontrolling interest comprehensive income (loss)	$ 2	$ (4)	$ (3)	$ 2	$ (16)
Total	$ 44	$ (497)	$ (67)	$ (588)	$ 769

The reported OCI for the nine months ended September 30, 2009 included $66 attributable to our U.S. operations, before considering the effect of income taxes, primarily as a result of unrealized investment gains. As a result of reporting pre-tax income in OCI and a pre-tax loss from continuing operations, we charged tax expense of $23 to OCI during the first nine months of 2009 to recognize the income tax expense associated with the components of OCI. An income tax benefit of $18 was recorded in continuing operations to recognize the portion of the $23 earned through September 30, 2009 even though valuation allowances have been established against deferred tax assets. See Note 19 for a more detailed explanation of the accounting for income taxes.

The reported OCI for the eight months ended September 30, 2008 attributable to our U.S. operations was a loss before considering the effect of income taxes. The same accounting provision explained in the preceding paragraph increased OCI for the three months ended September 30, 2008 as the $26 of income tax charged in the second quarter of 2008 was reversed, resulting in no impact for the eight months ended September 30, 2008.

The following table reconciles the beginning and ending balances of equity between Dana equity and noncontrolling interest equity for the periods ended September 30, 2009 and 2008, after adjusting the 2008 amounts to record the change from the LIFO to FIFO method of accounting for inventories (see Note 6).

	Dana Equity	Noncontrolling Interests	Total Equity
Balance, December 31, 2007	$ (782)	$ 95	$ (687)
Comprehensive income (loss)	785	(16)	769
Dividends paid		(1)	(1)
Stock issued	3,039		3,039
Fresh start adjustments	(3)	34	31
Balance, January 31, 2008	3,039	112	3,151
Comprehensive income (loss)	(590)	2	(588)
Preferred stock dividends	(21)		(21)
Employee emergence bonus	46		46
Stock compensation	5		5
Additional investment		2	2
Dividends paid		(6)	(6)
Balance, September 30, 2008	$ 2,479	$ 110	$ 2,589
Balance, December 31, 2008	$ 2,028	$ 107	$ 2,135
Comprehensive loss	(64)	(3)	(67)
Preferred stock dividends	(24)		(24)
Share issuance	217		217
Stock compensation	7		7
Dividends paid		(5)	(5)
Balance, September 30, 2009	$ 2,164	$ 99	$ 2,263

Note 13. Cash Deposits

Cash deposits are maintained to provide credit enhancement for certain agreements and are reported as part of cash and cash equivalents. For most of these deposits, the cash may be withdrawn if comparable security is provided in the form of letters of credit. Accordingly, these deposits are not considered to be restricted.

	U.S.	Non-U.S.	Total
Cash and cash equivalents	$ 400	$ 310	$ 710
Cash and cash equivalents held as deposits	10	20	30
Cash and cash equivalents held at less than wholly-owned subsidiaries	1	73	74
Balance at September 30, 2009	$ 411	$ 403	$ 814

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

Note 14. Liquidity and Financing Agreements

Liquidity

Common Stock Offering and Debt Reduction — In September 2009, we completed a common stock offering for 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 is held by a wholly-owned non-U.S. subsidiary of Dana. Accordingly, $11 of the $109 term loan repayment 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 on October 5, 2009, generating net proceeds of $33. Of these proceeds, $15 was used to repay third party debt principal.

Additional debt reduction occurred in August 2009 when the wholly-owned non-U.S. subsidiary of Dana paid $12 to repurchase $15 of principal outstanding under our term facility.

Risks and Uncertainties — There continue to be numerous risks and uncertainties relating to the global economy and our industry that could materially affect our future financial performance and liquidity. Among the potential outcomes, these risks and uncertainties could result in decreased sales, limited access to credit, rising costs, increased global competition, customer or supplier bankruptcies, delays in customer payments and acceleration of supplier payments, growing inventories and our failure to meet debt covenants.

Our sales forecast is significantly influenced by various external factors beyond our control, including customer bankruptcies and overall economic market conditions. Achieving our current forecast is also dependent upon a number of internal factors such as our ability to execute our remaining cost reduction plans, to operate effectively within the reduced cost structure and to realize our projected pricing improvements. The previous uncertainty surrounding the potential effects associated with Chapter 11 filings by Chrysler and GM has dissipated. Both companies entered Chapter 11 during the second quarter of 2009, and have subsequently emerged as new companies. In connection with their emergence, contracts for substantially all of our significant programs were assumed by the new companies, and we received full consideration from them of all amounts due. We were in compliance with our debt covenants at September 30, 2009, and based on our current forecast assumptions, we expect to be able to satisfy our debt covenants during the next twelve months. As indicated in the “Trends in Our Markets” section in Item 2 below, we are beginning to see signs of stabilization and improvements in certain markets, thereby reducing the risk associated with further reductions to sales.

Financing Agreements

Exit Financing — As of September 30, 2009, we had gross borrowings of $1,021 and unamortized original issue discount (OID) of $62 under the amended Term Facility, no borrowings under the Revolving Facility and we had utilized $185 for letters of credit. During the fourth quarter of 2008, one of our lenders failed to honor its 10% share of the funding obligation under the terms of our Revolving Facility and was a defaulting lender. If this lender does not honor its obligation in the future, our availability could be reduced by up to 10%. Based on borrowing base collateral of $363 at September 30, 2009, there was potential availability at that date under the Revolving Facility of $178 after deducting the outstanding letters of credit and assuming no reduction in availability for the defaulting lender.

In connection with our debt reduction actions in the third quarter of 2009, we recorded a net loss on extinguishment of debt of $8 including the premium of $1 on the prepayment of debt in connection with the equity offering. This charge was partially offset by $3 of gain on the August 2009 repurchase of $15 of term loan debt. The net $5 loss on extinguishment of debt is included in other income, net in the third quarter of 2009. We also charged $3 of deferred financing costs to interest expense in connection with the reduction in debt.

During the second quarter of 2009, we used cash of $77 to reduce the principal amount of our term loan by $125, primarily through market purchases. This activity, after considering $8 of related OID, resulted in a $40 gain on extinguishment of debt, which is included in other income, net. Debt issuance costs of $3 were written off as a charge to interest expense during the second quarter of 2009.

Interest Rate Agreements — Interest on the amended Term Facility accrues at variable interest rates. Under the amended Term Facility we are required to carry interest rate hedge agreements covering a notional amount of not less than 50% of the aggregate loans outstanding under the amended Term Facility until January 2011. The fair value of these contracts, which cap our interest rate at 10.25% on $704 of debt, was $1 as of September 30, 2009.

European Receivables Loan Facility — At September 30, 2009, there were no borrowings under this facility. The $117 of accounts receivable available as collateral under the program at September 30, 2009 would have supported $46 of borrowings at that date.

Covenant Restriction — While we had borrowing availability of $224 at September 30, 2009, our additional borrowing capacity under the Revolving Facility and our other credit facilities was limited to $136 based on our financial covenants. Our future borrowing capacity may continue to be constrained by the covenants in our debt agreement.

General Motors (GM) Supplier Financing Program – During the second quarter of 2009, we elected to mitigate our GM accounts receivable exposure by participating in the Automotive Supplier Support Program. GM Supplier Receivables LLC (GMSR), a newly created subsidiary of GM, began to purchase GM receivables from approved GM suppliers in May. The obligations of GMSR related to these purchases are guaranteed by the U.S. Department of the Treasury. As of June 30, 2009, we were owed $11 for the receivables sold to GMSR. Because these sales of receivables did not satisfy the technical requirements for sales of financial assets, we were required to retain the GM receivables, record the $11 receivable from GMSR and recognize a liability shown on our June 30, 2009 balance sheet as financial obligation related to GM supplier program. In the third quarter of 2009, we collected this receivable, discontinued our participation in this program and eliminated the receivable from GMSR and the corresponding financing obligation.

Note 15. Fair Value Measurements

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

As of September 30, 2009 and December 31, 2008, our assets and liabilities that are carried at fair value on a recurring and a non-recurring basis include the following:

		Fair Value Measurements Using		
September 30, 2009:	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Trademarks and trade names	$ 64	$ -	$ -	64
Notes receivable	88			88
Interest rate caps	1	1		
Currency forward contracts	1		1	
Total assets	$ 154	$ 1	$ 1	$ 152
Liabilities:				
Currency forward contracts	$ 10	$ -	$ 10	$ -
Total liabilities	$ 10	$ -	$ 10	$ -
December 31, 2008:				
Assets:				
Trademarks and trade names	$ 72	$ -	$ -	$ 72
Notes receivable	20			20
Currency forward contracts	8		8	
Total assets	$ 100	$ -	$ 8	$ 92
Liabilities:				
Currency forward contracts	$ 6	$ -	$ 6	$ -
Total liabilities	$ 6	$ -	$ 6	$ -

The fair value of interest rate caps which are measured using Level 1 inputs was less than $1 at December 31, 2008.

Trademarks and trade names are included in the table above since they were measured at fair value in the second quarter of 2009. These intangibles are measured at fair value on a non-recurring basis if conditions arise that warrant a review and impairment is indicated (see Note 7).

The change in fair value using Level 3 inputs of the notes receivable can be summarized as follows:

	Dana				Prior Dana
	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,	One Month Ended January 31,
Notes receivable	2009	2008	2009	2008	2008
Beginning of period	$ 45	$ 53	$ 20	$ 62	$ 67
Accretion of value (interest income)	3	2	8	6	1
Unrealized gain (loss) (OCI)	40	(10)	60	(23)	(6)
End of period	$ 88	$ 45	$ 88	$ 45	$ 62

Substantially all of the notes receivable amount consists of one note, due 2019, obtained in connection with a divestiture in 2004. Its carrying amount is adjusted each quarter based on the market value of publicly traded debt of the operating subsidiary of the obligor. We intend to hold this security until it recovers its contractual value, which could be at its scheduled maturity, and we believe that all contractual payments related to this note will be received. Net changes in the values of the other notes receivable are less than $1.

Note 16. Risk Management and Derivatives

The total notional amount of outstanding foreign currency derivatives as of September 30, 2009 was $43, which is primarily comprised of forward exchange contracts denominated in euros, British pounds and Australian dollars.

The fair values of derivative instruments included within the consolidated balance sheet as of September 30, 2009 are $1 of receivables under forward contracts reported as part of other current assets and $10 of payables under forward contacts reported in other accrued liabilities. These derivatives are not designated as hedging instruments. Changes in the fair value of these instruments and any gain or loss realized are reported in other income, net or cost of sales for materials purchases (see Note 15).

Hedges of product costs are recorded in cost of sales when the underlying transaction affects net income. No amounts were designated as hedges during the nine months ended September 30, 2009. We also carry an interest rate cap on a notional value of $704 of our long-term debt. The fair value of this derivative at September 30, 2009 was $1.

Note 17. Commitments and Contingencies

Class Action Lawsuit and Derivative Actions — A securities class action entitled *Howard Frank v. Michael J. Burns and Robert C. Richter* was originally filed in October 2005 in the U.S. District Court for the Northern District of Ohio, naming our former Chief Executive Officer, Michael J. Burns, and former Chief Financial Officer, Robert C. Richter, as defendants. In a consolidated complaint filed in August 2006, lead plaintiffs alleged violations of the U.S. securities laws and claimed that the price at which our stock traded at various times between April 2004 and October 2005 was artificially inflated as a result of the defendants' alleged wrongdoing. By order dated August 21, 2007, the District Court granted the defendants' motion to dismiss the consolidated complaint and entered a judgment closing the case. On November 19, 2008, following briefing and oral argument on the lead plaintiffs' appeal, the Sixth Circuit vacated the District Court's judgment of dismissal on the ground that the decision on which it was based misstated the applicable pleading standard. On August 29, 2009, the District Court entered an amended order granting defendants' renewed motion to dismiss the consolidated complaint and entered a judgment closing the case. On September 23, 2009, lead plaintiffs filed a notice of appeal of the amended order and the judgment entry.

SEC Investigation — In September 2005, we reported that management was investigating accounting matters arising out of incorrect entries related to a customer agreement in our Commercial Vehicle operations, and that the Prior Dana Audit Committee had engaged outside counsel to conduct an independent investigation of these matters as well. Outside counsel informed the SEC of the investigation, which ended in December 2005, the same month that we filed restated financial statements for the first two quarters of 2005 and the years 2002 through 2004. In January 2006, we learned that the SEC had initiated a formal investigation in November 2005 with respect to matters related to our restatements. The SEC's investigation was a non-public, fact-finding inquiry to determine whether any violations of the law had occurred.

We reached a settlement with the SEC in September 2009, bringing this investigation to a close. No fines or penalties were imposed on Dana. In consenting to a cease and desist order, Dana, as successor registrant to Prior Dana, agreed to comply with various provisions of the federal securities laws. As described in our previous SEC filings, the deficient internal controls were remediated in 2007 and periodic reviews have confirmed the effectiveness of the remedial actions taken to insure proper control.

Legal Proceedings Arising in the Ordinary Course of Business — We are a party to various pending judicial and administrative proceedings arising in the ordinary course of business. These include, among others, proceedings based on product liability claims and alleged violations of environmental laws. We have reviewed these pending legal proceedings, including the probable outcomes, our reasonably anticipated costs and expenses, the availability and limits of our insurance coverage and surety bonds and our established reserves for uninsured liabilities.

Further information about some of these legal proceedings follows, including information about our accruals for the liabilities that may arise from such proceedings. We accrue for contingent liabilities at the time when we believe they are both probable and estimable. We review our assessments of probability and estimability as new information becomes available and adjust our accruals quarterly, if appropriate. Since we do not accrue for contingent liabilities that we believe are probable unless we can reasonably estimate the amounts of such liabilities, our actual liabilities may exceed the amounts we have recorded. 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 or financial condition.

Asbestos Personal Injury Liabilities — We had approximately 31,000 active pending asbestos personal injury liability claims at September 30, 2009 and at December 31, 2008. In addition, approximately 12,000 mostly inactive claims have been settled and are awaiting final documentation and dismissal, with or without payment. We have accrued $114 for indemnity and defense costs for settled, pending and future claims at September 30, 2009, compared to $124 at December 31, 2008. We use a fifteen year time horizon for our estimate of this liability.

In the second quarter of 2009, based on the volume of asbestos claims filed subsequent to our emergence from Chapter 11, we reevaluated our estimated liability. We revised our estimates of claims expected to be compensated in the future, which reduced our estimated obligation for asbestos personal injury claims by $12 and the related insurance recoverable by $6. We recorded the net benefit of $6 in selling, general and administrative expense in the second quarter of 2009.

At September 30, 2009, we had recorded $57 as an asset for probable recovery from our insurers for the pending and projected asbestos personal injury liability claims. The recorded asset reflects our assessment of the capacity of our current insurance agreements to provide for the payment of anticipated defense and indemnity costs for pending claims and projected future demands. The recorded asset does not represent the limits of our insurance coverage, but rather the amount we would expect to recover if we paid the accrued indemnity and defense costs.

Other Product Liabilities — We had accrued $1 for non-asbestos product liability costs at September 30, 2009, compared to $2 at December 31, 2008, with no recovery expected from third parties at either date. The decline in 2009 results from a reduction in the volume of active claims. We estimate these liabilities based on assumptions about the value of the claims and about the likelihood of recoveries against us derived from our historical experience and current information.

Environmental Liabilities — Accrued environmental liabilities at September 30, 2009 were $16, compared to $18 at December 31, 2008. We consider the most probable method of remediation, current laws and regulations and existing technology in determining the fair value of our environmental liabilities.

During the second quarter of 2009, we reached agreements with certain of our insurers related primarily to their coverage of previously settled environmental claims. We recorded the aggregate recovery of $12 in other receivables and reduced cost of sales in the consolidated statement of operations. As agreed, we have collected $10 of this receivable as of September 30, 2009.

Other Liabilities Related to Asbestos Claims — After the Center for Claims Resolution (CCR) discontinued negotiating shared settlements for asbestos claims for its member companies in 2001, some former CCR members defaulted on the payment of their shares of some settlements and some settling claimants sought payment of the unpaid shares from other members of the CCR at the time of the settlements, including from us. We have been working with the CCR, other former CCR members, our insurers and the claimants over a period of several years in an effort to resolve these issues. Through September 30, 2009, we had collected the entire $47 paid to claimants with respect to these claims. Efforts to recover additional CCR-related payments from surety bonds and other claims are continuing. Additional recoveries are not assured and accordingly have not been recorded at September 30, 2009.

Note 18. Warranty Obligations

We record a liability for estimated warranty obligations at the dates our products are sold. We record the liability based on our estimate of costs to settle the claim. Adjustments are made as new information becomes available.

Changes in our warranty liabilities are summarized below:

	Dana				Prior Dana
	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,	One Month Ended January 31,
	2009	2008	2009	2008	2008
Balance, beginning of period	$ 83	$ 103	$ 100	$ 93	$ 92
Amounts accrued for current period	9	19	22	52	4
Adjustments of prior accrual	3	1	(2)	5	
Settlements of warranty claims	(15)	(19)	(41)	(48)	(3)
Foreign currency translation and other	1	(4)	2	(2)	
Balance, end of period	$ 81	$ 100	$ 81	$ 100	$ 93

During the second quarter of 2009, we reached agreement with a customer allowing for our recovery of $6 of warranty claims previously paid to the customer. The $6 recovery is reported in the table as a reduction of both the adjustments of prior accrual and settlements of warranty claims.

We have been notified by two of our larger customers that quality issues allegedly relating to products supplied by us could result in warranty claims. We are engaged in discussions with both Toyota Motor Corporation and a tier one supplier to the Volkswagen Group regarding the technical aspects of the root causes of the vehicle performance issues. Based on the information currently available to us, we do not believe that either of these matters will result in a material liability to Dana.

Note 19. Income Taxes

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

The tax expense or benefit recorded in continuing operations is generally determined without regard to other categories of earnings, such as the results of discontinued operations or OCI. An exception occurs if there is aggregate pre-tax income from other categories and a pre-tax loss from continuing operations, even if a valuation allowance has been established against deferred tax assets. The tax benefit allocated to continuing operations is the amount by which the loss from continuing operations reduces the tax expense recorded with respect to the other categories of earnings.

Prior to considering the effect of income taxes, our operations in the U.S. reported OCI of $66 for the nine months ended September 30, 2009 as a result of the recovery in value of our notes receivable. The exception described in the preceding paragraph resulted in a third-quarter 2009 charge of $14 and a 2009 year-to-date charge of $23 to OCI. An offsetting tax benefit was attributed to continuing operations for the three months and nine months ended September 30, 2009. The benefit recorded in continuing operations for the three months and nine months ended September 30, 2009 was limited to $14 and $18 due to interperiod tax allocation rules, leaving a liability of $5 in current liabilities at September 30, 2009. The amount to be recognized in the remainder of 2009 will be determined primarily by the amount of OCI reported by our operations in the U.S.

We provide for U.S. Federal income and non-U.S. withholding taxes on the future repatriations of the earnings from our non-U.S. operations. During the first nine months of 2009, we continued to modify our forecast for future repatriations due to the current market conditions. Accordingly, we adjusted the future income and non-U.S. withholding tax liabilities for these repatriations and recognized an expense of $1 and a benefit $18, net of valuation allowances, for the three months and nine months ended September 30, 2009.

We record interest income or expense, as well as penalties, related to uncertain tax positions as a component of income tax expense or benefit. Net interest expense of $2 and $6 was recognized in income tax expense for the three months and nine months ended September 30, 2009.

With the exception of the offset to the OCI tax expense credited to the current deferred tax provision in continuing operations, we have not recognized tax benefits on losses generated in several countries, including the U.S., where the recent history of operating losses does not allow us to satisfy the “more likely than not” criterion for the recognition of deferred tax assets. Consequently, there is no additional income tax benefit recognized on the pre-tax losses from continuing operations in these jurisdictions as valuation allowances are established offsetting the associated tax benefit.

In July 2009, we finalized an agreement with the U.S. Internal Revenue Service confirming our treatment of $733 paid to fund two VEBAs for certain union employee benefits as a deductible cost in the 2008 post-emergence period.

Income tax expense (benefit) was ($9) and $24 for the three months ended September 30, 2009 and 2008, ($39) for the nine months ended September 30, 2009 and $255 ($199 for January and $56 for February through September) for the nine months ended September 30, 2008. The income tax rate varies from the U.S. Federal statutory rate of 35% primarily due to the non-U.S. withholding taxes discussed above and valuation allowances relating to those countries where a benefit cannot be recognized. In addition, the income tax rate for the 2008 periods differs due to the effects of emerging from Chapter 11, fresh start accounting and impairment of goodwill.

Note 20. Other Income, Net

Other income, net included:

	Dana				Prior Dana
	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,	One Month Ended January 31,
	2009	2008	2009	2008	2008
Interest income	$ 6	$ 11	$ 18	$ 36	$ 4
Gain (loss) on extinguishment of debt	(5)		35		
Contract cancellation income			17		
Government grants	5	4	13	11	1
Foreign exchange gain (loss)	3	(7)	9	4	3
Other, net	1	(6)	8	3	
Other income, net	$ 10	$ 2	$ 100	$ 54	$ 8

As discussed in Note 14 above, the net gain (loss) on extinguishment of debt resulted from the repurchase and repayment of Term Facility debt in the three months and nine months ended September 30, 2009.

Foreign exchange gains and losses on cross-currency intercompany loan balances that are not considered permanently invested are included in foreign exchange gain (loss) above. Foreign exchange gains and losses on loans that are permanently invested are reported in OCI.

Dana and its subsidiaries enter into foreign exchange forward contracts to hedge currency exposure on certain intercompany loans and accrued interest balances as well as to reduce exposure in cross-currency transactions in the normal course of business. At September 30, 2009, these foreign exchange contracts had a total notional amount of $23. These contracts are marked to market, with the gain or loss recorded in cost of sales for material purchase transactions and in other income, net for intercompany accounts.

The contract cancellation income of $17 for the nine months ended September 30, 2009 represents recoveries in connection with early cancellation of certain customer programs during the first six months of 2009.

Other Recoveries — During the second quarter of 2009, we agreed on remuneration for early termination of a customer program in mid-2010. Since this program is continuing in full production through mid-2010 the remuneration received for early cancellation is being reported in sales. Program cancellation income of $5 was recognized as revenue in the second quarter with an additional $6 deferred over the duration of the program. Revenue of $2 was recognized during the third quarter of 2009 leaving $4 deferred at September 30, 2009.

Note 21. Segments

The components that management establishes for purposes of making decisions about an enterprise's operating matters are referred to as "operating segments."

We manage our operations globally through six operating segments: LVD, Sealing, Thermal, Structures, Commercial Vehicle and Off-Highway. The Light Axle and Driveshaft segments reported in 2008 were generally combined in line with our internal management structure into the LVD segment and certain operations of those segments were moved into the Commercial Vehicle and Off-Highway segments in the first quarter of 2009. The amounts reported for the first nine months of 2008 have been retrospectively adjusted for these changes.

We report the results of our operating segments and related disclosures about each of our segments on the basis shown below and this measurement is used internally for evaluating segment performance and deciding how to allocate resources to those segments.

In the first quarter of 2008, we changed the primary measure of operating results to EBITDA. In December 2008, we modified our determination of EBITDA to more closely align it with EBITDA as defined by our debt agreements and adjusted our reconciliation of segment EBITDA to the consolidated income (loss) from continuing operations before income taxes. The following items, which are excluded from our covenant calculation of EBITDA, are now shown separately in the reconciliation: gain or loss on reductions in debt; strategic transaction expenses; loss on sale of assets; stock compensation expense; unrealized foreign exchange gains or losses on intercompany loans and market value adjustments on currency forward contracts.

Prior to 2009, the costs of corporate administrative services, shared service centers, trailing liabilities of closed operations and other non-administrative activities were not allocated to the operating segments. In the first quarter of 2009, we began to allocate the costs of corporate administrative services other than executive activities and shared service centers to our segments based on segment sales, operating assets and headcount. We do not allocate trailing costs of previously divested businesses and other non-administrative costs that are not directly attributable to the operating segments.

In the first quarter of 2009, we revised the definition of segment EBITDA to include all components of the consolidated EBITDA calculation. The corporate costs allocated to the operating segments were $28 and $84 for the three months and nine months ended September 30, 2009 and were $30, $80 and $10 for the three months and eight months ended September 30, 2008 and the one month ended January 31, 2008. The 2008 segment results presented below have been adjusted to conform to the 2009 presentation.

Segment EBITDA is now more closely aligned with the performance measurements in our debt covenants. EBITDA, as defined for both internal performance measurement and debt covenant compliance, excludes equity in earnings of affiliates, noncontrolling interest net income, realignment charges (capped at $100 in 2009 for cash charges), reorganization items and certain nonrecurring and unusual items such as gain on extinguishment of debt, asset impairment, amortization of the fresh start inventory step-up and divestiture gains and losses.

Table of Contents

We used the following information to evaluate our operating segments:

	Dana Three Months Ended September 30, 2009			2008		
	External Sales	Inter-Segment Sales	Segment EBITDA	External Sales	Inter-Segment Sales	Segment EBITDA
LVD	$ 547	$ 26	$ 46	$ 671	$ 48	$ 20
Sealing	140	3	11	175	5	14
Thermal	45	1	3	60	1	(2)
Structures	157	3	11	192	3	5
Commercial Vehicle	256	10	26	405	13	7
Off-Highway	184	6	11	424	11	17
Eliminations and other		(49)		2	(81)	
Total	$ 1,329	$ -	$ 108	$ 1,929	$ -	$ 61

	Dana Nine Months Ended September 30, 2009		
	External Sales	Inter-Segment Sales	Segment EBITDA
LVD	$ 1,426	$ 76	$ 79
Sealing	377	7	11
Thermal	126	4	3
Structures	403	7	20
Commercial Vehicle	763	27	53
Off-Highway	640	20	27
Eliminations		(141)	
Total	$ 3,735	$ -	$ 193

	Dana Eight Months Ended September 30, 2008			Prior Dana One Month Ended January 31, 2008		
	External Sales	Inter-Segment Sales	Segment EBITDA	External Sales	Inter-Segment Sales	Segment EBITDA
LVD	$ 2,095	$ 126	$ 96	$ 281	$ 15	$ 10
Sealing	507	14	50	64	1	6
Thermal	189	4	4	28		3
Structures	627	9	45	90	1	4
Commercial Vehicle	1,121	36	47	130	6	6
Off-Highway	1,279	33	92	157	4	14
Eliminations and other	5	(222)		1	(27)	
Total	$ 5,823	$ -	$ 334	$ 751	$ -	$ 43

The following table reconciles segment EBITDA to the consolidated income (loss) from continuing operations before income taxes:

	Dana				Prior Dana
	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,	One Month Ended January 31,
	2009	2008	2009	2008	2008
Segment EBITDA	$ 108	$ 61	$ 193	$ 334	$ 43
Shared services and administrative	(5)	(6)	(15)	(16)	(3)
Other income (expense) not in segments	(2)	(5)	30	(8)	(2)
Foreign exchange not in segments		(3)	3	(3)	
Depreciation	(79)	(74)	(231)	(194)	(23)
Amortization of intangibles	(22)	(22)	(64)	(60)	
Amortization of fresh start inventory step-up				(49)	
Realignment	(14)	(16)	(93)	(61)	(12)
DCC EBIT				(2)	
Impairment of goodwill		(105)		(180)	
Impairment of other assets		(3)	(6)	(10)	
Reorganization items, net		(1)	2	(22)	(98)
Gain on extinguishment of debt	(5)		35		
Strategic transaction expenses	(2)	(4)	(4)	(7)	
Loss on sale of assets, net	(1)	(5)	(2)	(7)	
Stock compensation expense	(3)	(1)	(7)	(4)	
Foreign exchange on intercompany loans and market value adjustments on hedges	6	(7)	11		4
Interest expense	(36)	(37)	(108)	(99)	(8)
Interest income	6	11	18	36	4
Fresh start accounting adjustments					1,009
Income (loss) from continuing operations before income taxes	$ (49)	$ (217)	$ (238)	$ (352)	$ 914

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Dollars in millions)*

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

Forward-Looking Information

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

Management Overview

Dana Holding Corporation (Dana) is a world leader in the supply of axles; driveshafts; and structural, sealing and thermal-management products; as well as genuine service parts. Our customer base includes virtually every major vehicle manufacturer in the global automotive, commercial vehicle, and off-highway markets. Headquartered in Maumee, Ohio, Dana was incorporated in Delaware in 2007. As of September 30, 2009, we employed approximately 23,000 people and owned or leased 110 major facilities in 26 countries around the world.

We are committed to continuing to diversify our product offerings, customer base, and geographic footprint, minimizing our exposure to individual market and segment declines. In 2008, North American operations accounted for 48% of our revenue, while the rest of the world accounted for 52%. Similarly, non-light vehicle products accounted for 42% of our global revenues.

Our Internet address is www.dana.com. The inclusion of our website address in this report is an inactive textual reference only, and is not intended to include or incorporate by reference the information on our website into this report.

Recent Developments

In December 2008, we had received a letter of non-compliance from the New York Stock Exchange (NYSE) notifying us that we had fallen below both the minimum share price and market capitalization requirements for continued listing on the exchange. In October 2009, we received notice from the NYSE informing us that we had achieved full compliance with all NYSE quantitative listing standards.

On September 29, 2009, we completed an underwritten offering of 34 million shares of common stock at $6.75 per share for proceeds of $217, net of underwriting commissions and related offering expenses. The equity offering also provided the underwriters with an over-allotment option to purchase an additional 5 million shares. That purchase was completed on October 5, 2009, generating net proceeds of $33. We used $98 of the September proceeds and $15 of the October proceeds to repay third party debt principal. These offerings significantly improved our liquidity as discussed below in “Liquidity.”

Business Strategy

Dana supplies driveshafts, axles, transmissions, structures and engine components to customers in the automotive, commercial vehicle and off-highway markets. We continue to evaluate the strategy for each of these operating segments. These evaluations include a close analysis of both strategic options and growth opportunities. Material advancements are playing a key role in this endeavor, with an emphasis on research and development of efficient technologies such as lightweight, high-strength aluminum applications currently in demand. While our North American automotive driveline operations continue to improve, becoming more competitive through consolidation or internal restructuring, we see significant growth opportunities in our non-automotive driveline businesses, particularly outside North America.

Since the second half of 2008, we have faced challenges related to declining production levels. To address these challenges, we have a comprehensive strategy in place that includes developing and implementing common global metrics and operational standards. Through our Operational Excellence program, we are evaluating all operations, seeking opportunities to reduce costs while improving quality and productivity. Driving our cost structure down and improving our manufacturing efficiency will be critical to our future success as lower production levels will continue to be a major challenge affecting our business. During 2008, we also worked closely with our major customers to implement pricing arrangements that provide adjustment mechanisms based on steel price movements, thereby positioning us to better mitigate the effects of increased steel prices in the future.

Segments

We manage our operations globally through six operating segments. Our products in the automotive market primarily support light vehicle original equipment manufacturers (OEMs) with products for light trucks, sport utility vehicles, crossover utility vehicles, vans and passenger cars. The operating segments in the automotive markets are: Light Vehicle Driveline (LVD), Structures, Sealing and Thermal. As of January 1, 2009, the Light Axle and Driveshaft segments were combined in line with our new management structure into the LVD segment with certain operations from these former segments moving to our Commercial Vehicle and Off-Highway segments.

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).

We revised our definition of segment earnings before interest, taxes, depreciation and amortization (EBITDA) in the first quarter of 2009. See Note 21 of the notes to our consolidated financial statements in Item 1 of Part I.

Trends in Our Markets

Light Vehicle Markets

Rest of the World — Outside of North America, overall global economic weakness is impacting light vehicle production, just as it has in North America. Light vehicle production outside of North America during the three months ended September 30, 2009, was about 7% lower than the same period of 2008. Third-quarter production levels were down about 14% in Europe and around 9% in South America, with Asia Pacific being down only 1%. In the third quarter of 2009, year-over-year production declines in each region were less than the quarterly declines experienced during the first and second quarters of this year, an indication of stabilizing global markets. (*Source: Global Insight).*

For the nine months ended September 30, 2009, production levels outside North America were down about 19% from the comparable 2008 period. Since the mid-year 2009 forecast, expected production levels for the remainder of 2009 have strengthened somewhat in South America and Asia Pacific, while European production levels have weakened slightly. While the mid-year 2009 forecast for full-year 2009 vehicle production outside of North America was projected to be around 41 to 46 million units, current forecasts indicate that unit production will be between 45 and 48 million units, which compares to 2008 global light vehicle production, excluding North America, of about 55 million units. The strengthening full-year forecast for markets outside of North America is a further indication of stabilizing, if not improving, markets for the remainder of the year. (*Source: Global Insight and CSM Worldwide).*

North America — North American light vehicle production levels were about 20% lower in the three-month period ended September 30, 2009 and about 40% lower for the nine months ended September 30, 2009 as compared to the same periods of 2008. In our key light truck segment, third-quarter 2009 production was up more than 30% from the production levels in the first two quarters of this year. Consequently, production in the light truck segment during the third quarter was down only 9% against the third quarter of last year, a noticeable improvement from production levels in the first half of this year that were about 50% lower than 2008. Light vehicle sales during the first nine months of 2009 were down about 25% from the comparable period of 2008. However, 2009 third-quarter sales were only about 10% lower than the same period last year and up considerably from sales levels during the first two quarters of this year. The improving sales and production levels during the third quarter reflect apparent stabilizing and improving market conditions for the remainder of this year and into 2010. *(Source: Ward’s Automotive).*

With the significant cutback in production levels during the first nine months of 2009, North American light vehicle industry inventory levels improved from the end of 2008. The days supply of total light vehicles in North America was 56 at September 30, 2009, down from 63 at June 30, 2009 and 93 at the end of 2008. Light truck inventory was 59 days at September 30, 2009, down from 62 days at June 30, 2009 and 86 days at December 31, 2008. With the reduction in inventory levels that has occurred, near-term production levels are likely to be driven more directly by vehicle sales. *(Source: Ward’s Automotive).*

While the overall economic environment continues to be somewhat fragile, we are seeing stabilized and improving conditions in our key markets as a result of production level and inventory corrections earlier this year and somewhat stronger vehicle sales levels this past quarter. We are currently projecting North American light vehicle production for 2009 to be in the range of 8.3 to 8.4 million units, compared with our mid-year expectation of 8.0 to 8.7 million units and down from about 12.7 million units produced in 2008.

Rapid Technology Changes

On May 19, 2009, the U.S. government announced plans for a new national fuel economy policy. The program, which still requires U.S. Congressional approval, covers model years 2012-2016 and would increase Corporate Average Fuel Economy (CAFE) standards by five percent each year through 2016. The proposal requires that passenger vehicles achieve an industry standard of 35.5 miles per gallon, an average increase of eight miles per gallon per vehicle. While providing the regulatory certainty and predictability of nationwide standards versus previously proposed state-by-state standards, this change will require a rapid response by automakers. It also represents an opportunity for suppliers that are able to produce highly engineered products that will help OEMs quickly meet these stricter carbon-emission and fuel-economy requirements.

The National Academy of Sciences estimates that fuel economy could be increased by 50 percent without sacrificing vehicle size, performance, or safety. Midsize cars could average 41 miles per gallon and large pickups nearly 30 miles per gallon, all using existing technology to develop new components and applications. Suppliers such as Dana that are able to provide these new components and applications will fare best in this new environment. Our materials and process competencies and product enhancements can provide OEMs with needed vehicle weight reduction, friction management and improved engine performance, assisting them in their efforts to meet the new and more stringent CAFE requirements.

Commercial Vehicle Markets

Rest of the World — Outside of North America, commercial vehicle medium- and heavy-duty production have now been fully impacted by the global economic weakness. After increasing to about 2.3 million units in 2008, commercial vehicle production levels outside North America for 2009 are expected to decline to around 1.5 to 1.6 million units. (*Source: Global Insight and ACT).*

North America — Developments in this region have a significant impact on our results as North America accounts for approximately 70% of our sales in the commercial vehicle market. Production of heavy-duty (Class 8) vehicles during the third quarter of 2009 of approximately 29,000 units compares to 50,000 units produced in the third quarter of 2008, a decline of 42%. In the medium-duty (Class 5-7) market, third-quarter 2009 production of around 26,000 units was down 21% from last year's third-quarter production of 33,000 units. Nine-month production of Class 8 vehicles in 2009 is down 47% from the comparable period in 2008, with Class 5-7 vehicles being down 42%. The commercial vehicle market is being impacted by many of the same overall economic conditions negatively impacting the light vehicle markets, as customers are being cautious about new vehicle purchases. We've begun to see signs of improving market conditions with new truck orders picking up in recent months. Our mid-year forecast had full-year 2009 Class 8 production projected to be in the range of 104,000 to 121,000 units. Our current forecast for full-year 2009 production is in the range of 114,000 to 117,000 units compared to full-year 2008 production of 196,000 units. In the Class 5-7 segment, our production expectations have remained comparable to our mid-year forecast, as we currently expect production of around 95,000 to 100,000 units, down from full-year production of 157,000 units in 2008. (*Source: Global Insight and ACT).*

Off-Highway Markets

Our off-highway business has become an increasingly more significant component of our total operations over the past few years. Unlike our on-highway businesses, our off-highway business is largely outside of North America, with more than 70% of its sales coming from outside North America. 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. After being relatively strong through the first half of 2008, customer demand in these markets began softening during the latter part of 2008. During 2009, the adverse effects of a weaker global economy began to more significantly impact demand levels in these markets. While seeing improving conditions in our other markets, we expect these markets to continue to be soft for the remainder of the year before strengthening some in 2010. Our current expectations are unchanged from mid-year, with demand in the construction market down 70% to 75% compared to 2008 and demand in the agricultural market down 35% to 40%.

Sales and Earnings Outlook

With the lower level of sales this year, we focused on aggressively right sizing our cost structure and continuing to pursue increased pricing from customers where programs warrant. On the cost front, we reduced the work force during 2008 by about 6,000 people and in the first nine months of this year we reduced our workforce by another 6,000 people. Additional reductions are expected during the remainder of 2009 as we complete certain restructuring actions and continue to identify opportunities to reduce our costs. See Note 5 of the notes to our consolidated financial statements in Item 1 of Part I for additional discussion relating to our realignment initiatives.

We also completed several pricing and material recovery initiatives during the latter part of 2008 and into 2009 that will continue to benefit margins, albeit on lower sales volume. At our current forecast level for sales, we estimate that material recovery and other pricing actions already finalized will add more than $200 to gross margin in 2009. Our cost reduction, pricing and other actions have mitigated a significant portion of the margin reduction attributable to lower production levels.

For the remainder of this year and into 2010, we see overall stabilization and improving developments in certain of our markets. Further, we’re realizing the benefits from our cost reduction and pricing initiatives implemented the past year, a significant portion of the cost savings were structural in nature and are expected to be sustained even as sales increase.

Growing our sales through new business continues to be an important focus for us. Our current backlog of awarded new business which comes on stream over the next two years more than offsets any programs that are expiring or being co-sourced. While we continue to pursue vigorously new business opportunities, we are doing so with measured discipline to ensure that such opportunities provide acceptable investment returns.

Results of Operations — Summary (Third Quarter 2009 versus Third Quarter 2008)

	Dana Three Months Ended September 30,		Increase
	2009	2008	(Decrease)
Net sales	$ 1,329	$ 1,929	$ (600)
Cost of sales (1)	1,247	1,881	(634)
Gross margin (1)	82	48	34
Selling, general and administrative expenses	73	87	(14)
Amortization of intangibles	18	18	
Realignment charges, net	14	16	(2)
Impairment of goodwill		105	(105)
Impairment of intangible assets		3	(3)
Other income, net	10	2	8
Loss from continuing operations before interest, reorganization items and income taxes (1)	(13)	(179)	166
Loss from continuing operations (1)	$ (38)	$ (254)	$ 216
Loss from discontinued operations	$ -	$ (1)	$ 1
Net loss attributable to the parent company (1)	$ (38)	$ (256)	$ 218

(1) In 2009, we changed our method of accounting for inventories from LIFO to FIFO and retroactively applied this costing from the date of our emergence from Chapter 11. The effect of this change on the 2008 results above was a reduction of $15 in cost of sales and additional earnings of $15 in gross margin; loss from continuing operations before interest, reorganization items and income taxes; loss from continuing operations and net loss attributable to the parent company.

Results of Operations (Third Quarter 2009 versus Third Quarter 2008)

Geographic Sales, Segment Sales and Margin Analysis

The tables below show changes in our sales by geographic region and by segment for the three months ended September 30, 2009 and 2008. Certain reclassifications were made to conform 2008 to the 2009 presentation.

Geographical Sales Analysis

	Dana Three Months Ended September 30,			Amount of Change Due To	
	2009	2008	Increase/ (Decrease)	Currency Effects	Organic Change
North America	$ 676	$ 865	$ (189)	$ (6)	$ (183)
Europe	276	560	(284)	(16)	(268)
South America	216	310	(94)	(25)	(69)
Asia Pacific	161	194	(33)	(4)	(29)
Total	$ 1,329	$ 1,929	$ (600)	$ (51)	$ (549)

Sales in the third quarter of 2009 were 31% lower than in the corresponding period of 2008. Currency movements reduced sales 3% as a number of currencies in our international markets weakened against the U.S. dollar. Exclusive of currency, sales decreased 28%, primarily due to lower production levels in each of our markets. Partially offsetting the effects of lower production was improved pricing.

North America sales for the third quarter of 2009, adjusted for currency, declined approximately 21% due to the lower production levels in both the light duty and commercial vehicle markets. Light vehicle production was down about 20% while commercial vehicle production was about 35% lower when compared to the third quarter of 2008. The impact of lower vehicle production levels was partially offset by the impact of higher pricing.

Currency adjusted sales in Europe for this year's third quarter were 48% lower than last year. Lower production in the Off-Highway business where we have significant European presence was a major factor in this region. Lower production in the light and commercial vehicle markets also contributed. Exclusive of currency effects, sales in South American and Asia Pacific were down due largely to reduced production levels.

Segment Sales Analysis

	Dana Three Months Ended September 30,			Amount of Change Due To	
	2009	2008	Increase/ (Decrease)	Currency Effects	Organic Change
LVD	$ 547	$ 671	$ (124)	$ (21)	$ (103)
Sealing	140	175	(35)	(3)	(32)
Thermal	45	60	(15)	(2)	(13)
Structures	157	192	(35)	(7)	(28)
Commercial Vehicle	256	405	(149)	(11)	(138)
Off-Highway	184	424	(240)	(7)	(233)
Other Operations		2	(2)		(2)
Total	$ 1,329	$ 1,929	$ (600)	$ (51)	$ (549)

Our LVD, Sealing, Thermal and Structures segments principally serve the light vehicle markets. Exclusive of currency effects, sales declined 15% in LVD and Structures, 18% in Sealing and 22% in Thermal. The declines were all principally due to lower production levels with pricing improvement providing a partial offset.

Our Commercial Vehicle segment is heavily concentrated in the North American market where Class 8 commercial truck production was down about 42% and Class 5-7 commercial truck production was about 21% lower. The sales decline in Commercial Vehicle, exclusive of currency effects, was 34% as the volume reduction associated with lower production levels was partially offset by higher pricing.

In comparison to our other markets where we began experiencing significant market softness in the third quarter of 2008, our Off-Highway business was still relatively strong. Since then, however, the overall economic conditions affecting our other businesses have adversely impacted demand levels in the construction and agriculture markets. As a consequence, exclusive of currency effects, Off-Highway segment sales were down 55% compared to the third quarter of 2008.

Margin Analysis

The chart below shows our segment margin analysis for the three months ended September 30, 2009 and 2008.

	Dana As a Percentage of Sales Three Months Ended September 30,	
	2009	2008
Gross margin:		
LVD	5.6 %	0.5 %
Sealing	10.7	12.2
Thermal	3.4	(5.1)
Structures	1.6	(0.8)
Commercial Vehicle	10.1	3.4
Off-Highway	7.5	5.2
Consolidated	6.2 %	2.5 %
Selling, general and administrative expenses:		
LVD	3.7 %	2.9 %
Sealing	10.5	10.5
Thermal	8.4	5.4
Structures	2.6	3.1
Commercial Vehicle	5.2	4.3
Off-Highway	5.5	3.6
Consolidated	5.5 %	4.5 %

Gross Margin — Although sales were down 31% from the third quarter of 2008, consolidated gross margin for the third quarter of 2009 improved by $34. Margin reduction of more than $100 associated with lower sales levels was more than offset by $45 of year-over-year pricing improvements and cost reductions, including conversion cost, material and warranty.

Our LVD margin improved to 5.6% of sales from 0.5% of sales in 2008, an increase of $28. Lower sales volume reduced margins by about $38. More than offsetting this margin loss was $20 from improved pricing and $46 from cost reductions and other items. In our Sealing segment, margin declined by $7, principally due to lower sales volume. Thermal and Structures margins increased by $4 and $5, respectively, as conversion cost savings and improved pricing more than offset the impact from lower sales levels.

In our Commercial Vehicle segment, gross margin improved to 10.1% of sales from 3.4% in 2008, an increase of $13. The margin reduction of approximately $21 attributable to lower sales was more than offset by margin improvements of $7 from pricing actions and $27 of cost reduction contributions, primarily from conversion cost savings and lower material cost. Of our businesses, the Off-Highway segment experienced the largest percentage decline in sales; down 57% from 2008, leading to their overall margin decease of $9. Reduced margin of about $30 from lower sales levels was partially offset by increased pricing of $7, lower warranty expense of $8, and contributions from cost reductions and other items of $6

Selling, General and Administrative expenses (SG&A) — Third quarter 2009 SG&A is $14 lower than the comparable period in 2008, primarily as a result of the cost reduction actions taken during the second half of 2008 and the first nine months of 2009 in response to reduced sales levels.

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, $18 of expense was recognized in the third quarters of 2009 and 2008.

Realignment Charges and Impairments — Realignment charges of $14 for the third quarter of 2009 and $16 for the same period of 2008 represent costs associated with the workforce reduction actions and facility closures undertaken in the respective periods. Impairment charges of $108 in 2008 resulted from reassessments of the carrying values of goodwill and indefinite lived intangibles as discussed in Note 7 of the notes to our consolidated financial statements in Item 1 of Part I.

Other Income, Net — Other income, net for the third quarter of 2009 was $10 as compared to $2 for the corresponding period of 2008. Other income in 2009 benefited from net currency transaction gains of $3 as compared to losses of $7 in 2008. Year-over-year other income was reduced by lower interest income of $5 and a net charge of $5 associated with debt reduction actions in the third quarter of 2009.

Interest Expense — Interest expense includes the costs associated with the Exit Financing facility and other debt agreements which are described in Note 14 of the notes to our consolidated financial statements in Item 1 of Part I. Interest expense in the third quarters of 2009 and 2008 includes $3 and $4 of amortized OID and $6 and $2 of debt issuance costs. Also included is $2 and $3 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 start accounting upon emergence from Chapter 11.

Income Tax Expense — 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 generally no income tax benefit recognized on continuing operations pre-tax losses in these jurisdictions as valuation allowance adjustments offset the associated tax benefit or expense.

As described in Note 19 of the notes to our consolidated financial statements in Item 1 of Part I, an exception occurs when there is pre-tax income in categories such as other comprehensive income. As a result of having other comprehensive income in the third quarter of 2009, we recognized a benefit of $14 on pre-tax losses of continuing operations in the U.S. The valuation allowance impacts in the above-mentioned countries were the primary factors causing the tax benefit of $9 for the three months ended September 30, 2009 to differ from an expected tax benefit of $17 at a U.S. Federal statutory rate of 35%. For 2008, the valuation allowances, the fresh start adjustments and the impairment of goodwill were the primary factors which caused the tax expense of $24 to differ from an expected tax benefit of $76 at the U.S. Federal statutory rate of 35%.

Results of Operations — Summary (Year-to-Date 2009 versus Year-to-Date 2008)

	Dana		Prior Dana
	Nine Months Ended September 30, 2009	Eight Months Ended September 30, 2008	One Month Ended January 31, 2008
Net sales	$ 3,735	$ 5,823	$ 751
Cost of sales (1)	3,598	5,572	702
Gross margin (1)	137	251	49
Selling, general and administrative expenses	217	236	34
Amortization of intangibles	53	49	
Realignment charges, net	93	61	12
Impairment of goodwill		180	
Impairment of intangible assets	6	10	
Other income, net	100	54	8
Income (loss) from continuing operations before interest, reorganization items and income taxes (1)	(132)	(231)	11
Fresh start accounting adjustments	$ -	$ -	$ 1,009
Income (loss) from continuing operations (1)	$ (201)	$ (418)	$ 717
Loss from discontinued operations	$ -	$ (4)	$ (6)
Net income (loss) attributable to the parent company (1)	$ (195)	$ (428)	$ 709

(1) In 2009, we changed our method of accounting for inventories from LIFO to FIFO and retroactively applied this costing from the date of our emergence from Chapter 11. The effect of this change on the 2008 results above was a decrease of $7 in cost of sales and additional earnings of $7 in gross margin; income (loss) from continuing operations before interest, reorganization items and income taxes; income (loss) from continuing operations and net income (loss) attributable to the parent company.

As a consequence of our emergence from Chapter 11 on January 31, 2008, the results of operations for the first nine months of 2008 consist of the month of January pre-emergence results of Prior Dana and the eight-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.

Results of Operations (Year-to-Date 2009 versus Year-to-Date 2008)

Geographic Sales, Segment Sales and Margin Analysis

The tables below show our sales by geographic region and by segment for the nine months ended September 30, 2009, eight months ended September 30, 2008 and one month ended January 31, 2008. Certain reclassifications were made to conform 2008 to the 2009 presentation.

Although the eight months ended September 30, 2008 and one month ended January 31, 2008 are distinct reporting periods as a consequence of our emergence from Chapter 11 on January 31, 2008, the emergence and fresh start accounting effects had negligible impact on the comparability of sales between the periods. Accordingly, references in our analysis to nine-month sales information combine the two periods in order to enhance the comparability of such information for the two nine-month periods.

Table of Contents

Geographical Sales Analysis

	Dana		Prior Dana
	Nine Months Ended September 30, 2009	Eight Months Ended September 30, 2008	One Month Ended January 31, 2008
North America	$ 1,902	$ 2,778	$ 396
Europe	875	1,745	224
South America	556	750	67
Asia Pacific	402	550	64
Total	$ 3,735	$ 5,823	$ 751

Sales in the first nine months of 2009 were $2,839 lower than sales for the combined periods in 2008, a reduction of 43%. Currency movements reduced sales by $269 as a number of currencies in international markets weakened against the U.S. dollar. Exclusive of currency, sales decreased $2,570 or 39%, primarily due to lower production levels in each of our markets. Partially offsetting the effects of lower production was improved pricing.

North American sales for the first nine months of 2009, adjusted for currency, declined approximately 39% due largely to the lower production levels in both the light duty and commercial vehicle markets. Light truck production was down about 40% compared to the first nine months of 2008 and commercial vehicle truck production was down about 45%. The impact of lower vehicle production levels was partially offset by the impact of higher pricing.

Weaker international currencies decreased the first nine months of 2009 sales by $115 in Europe, $87 in South America and $41 in Asia Pacific. Exclusive of these currency effects, sales were down in each of these regions, due largely to reduced production levels.

Segment Sales Analysis

	Dana		Prior Dana
	Nine Months Ended September 30, 2009	Eight Months Ended September 30, 2008	One Month Ended January 31, 2008
LVD	$ 1,426	$ 2,095	$ 281
Sealing	377	507	64
Thermal	126	189	28
Structures	403	627	90
Commercial Vehicle	763	1,121	130
Off-Highway	640	1,279	157
Other Operations		5	1
Total	$ 3,735	$ 5,823	$ 751

Our LVD, Sealing, Thermal and Structures segments principally serve the light vehicle markets. Exclusive of currency effects, sales in the first nine months of 2009 declined in LVD 36%, in Thermal 36% and in Structures 40% when compared to the combined periods in 2008, all principally due to lower production levels. The sales decline in Sealing, exclusive of currency effects, was somewhat lower at 30%, in part due to this business having a larger proportionate share of sales to the aftermarket.

Our Commercial Vehicle segment is heavily concentrated in the North American market where Class 8 commercial truck production was down about 47% and Class 5-7 commercial truck production was down about 42%. The sales decline in Commercial Vehicle, exclusive of currency effects, was 35% 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. Excluding this effect, sales were down 51% as demand levels in markets such as construction and agriculture decreased significantly compared to the first nine months of 2008.

Margin Analysis

The chart below shows our segment margin analysis for the nine months ended September 30, 2009, eight months ended September 30, 2008 and one month ended January 31, 2008.

	As a Percentage of Sales		
	Dana		Prior Dana
	Nine Months Ended September 30, 2009	Eight Months Ended September 30, 2008	One Month Ended January 31, 2008
Gross margin:			
LVD	1.8 %	2.5 %	4.1 %
Sealing	6.6	13.1	14.1
Thermal	1.1	2.0	9.6
Structures	(4.8)	4.5	1.2
Commercial Vehicle	8.3	6.3	7.3
Off-Highway	6.7	8.4	10.9
Consolidated	3.7 %	4.3 %	6.5 %
Selling, general and administrative expenses:			
LVD	4.5 %	2.6 %	4.1 %
Sealing	11.5	8.9	9.1
Thermal	9.4	6.3	4.7
Structures	3.3	2.3	2.6
Commercial Vehicle	6.4	4.1	5.3
Off-Highway	4.7	3.2	3.1
Consolidated	5.8 %	4.1 %	4.5 %

Gross Margin — Consolidated gross margin for the nine months ended September 30, 2009 was $163 lower than the gross margin for the combined eight months ended September 30 and the month of January in 2008. Significantly lower sales levels negatively impacted the first nine months of 2009 margins as compared to 2008 in each of our segments.

Margin in our LVD segment decreased $38 from the first nine months of 2008, with lower sales volume adversely impacting margin by about $145. Pricing improvement of $67 and a margin improvement from cost reductions and other items (primarily conversion cost, material and warranty) helped to offset the volume-related decline. Lower sales-related margin declines similarly drove the gross margin reductions of $51 and $6 in our Sealing and Thermal businesses. Cost reduction actions in these two segments and lower warranty cost in the Thermal group partially offset the volume-related drop in margin. Our Structures business margin was down $48 from the first nine months of 2008. Lower sales volume resulted in reduced margin of approximately $70. Year-over-year margin was also negatively impacted by a pension settlement gain of $8 in 2008. Pricing improvements of approximately $30 provided some offset to these other factors.

Our Commercial Vehicle and Off-Highway segments experienced gross margin reductions of $15 and $83. Lower sales reduced margin by about $70 in Commercial Vehicle, while pricing improvement of $32 and cost reduction actions provided a partial offset. Our Off-Highway margin declined about $135 as a result of lower sales volume. Pricing improvement of $26 provided a partial offset along with lower warranty expense and other cost reductions.

Consolidated gross margin in the eight-month period ended September 30, 2008 was significantly impacted by the application of fresh start accounting. At emergence, inventory values were increased in accordance with fresh start accounting requirements. The stepped-up value of inventories was recognized in cost of sales during the eight months ended September 30, 2008 as the inventory was sold, resulting in a one-time charge of approximately $49. In addition to this year-over-year favorable impact on gross margin, consolidated margins also benefited from environmental insurance recoveries of $12.

Selling, General and Administrative Expenses — With the significant decline in sales, consolidated SG&A and the SG&A of each operating segment increased as a percent of sales. For the first nine months of 2009, SG&A, however, is $53 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 nine months of 2009 in response to reduced sales levels.

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 the one-month period ended January 31, 2008.

Realignment Charges and Impairments — Realignment charges are primarily costs associated with the workforce reduction actions and facility closures. Realignment expense of $93 for the first nine months of 2009 represents an increase from expense of $73 for the combined periods of 2008 primarily due to separation costs incurred in connection with 2009 workforce reductions. Impairment of goodwill and indefinite-lived intangibles resulted in a charge of $190 in 2008.

Other Income, Net — Other income of $100 for the nine months ended September 30, 2009 was $38 higher than the corresponding period of 2008. We recognized a net gain on extinguishment of debt of $35 during the second and third quarters of 2009. Contract cancellation income added $17 over 2008. Net currency transaction gains were $2 higher in 2009 and interest income was lower by $22.

Interest Expense — Interest expense includes the costs associated with the Exit Financing facility and other debt agreements which are described in Note 14 of the notes to our consolidated financial statements in Item 1 of Part I. Interest expense in the first nine months of 2009 includes $11 of amortized OID recorded in connection with the Exit Financing facility, $10 of amortized debt issuance costs and $6 for debt issuance costs resulting from extinguishment of debt. Also included is $6 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 start accounting upon emergence from Chapter 11. For the eight months ended September 30, 2008, interest expense includes $12 of amortized OID and $5 of amortized debt issuance costs. Non-cash interest expense relating to the accretion of certain liabilities in the eight months ended September 30, 2008 was $5. In the month of January 2008, a substantial portion of our debt obligations were 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 are directly attributable to our Chapter 11 reorganization process. See Note 3 of the notes to our consolidated financial statements in Item 1 of Part I 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. Among these ongoing costs are expenses associated with additional facility unionization under the framework of the global agreements negotiated with the unions as part of our reorganization activities. 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 — 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.

In the U.S., as described in Note 19 of the notes to our consolidated financial statements in Item 1 of Part I, because of the significant amount of positive OCI reported for the nine months ended September 30, 2009, we recognized a U.S. tax benefit of $18 in continuing operations. During the first nine months of 2009, we also recorded a tax benefit of $18 to reduce liabilities previously accrued for expected repatriation of earnings from our non-U.S. subsidiaries. For 2009, the reduction in the liability associated with repatriation of non-U.S. subsidiary earnings and the valuation allowance impacts in the above-mentioned countries are the primary factors which cause the tax benefit of $39 for the nine months ended September 30, 2009 to differ from an expected tax benefit of $83 at the U.S. Federal statutory rate of 35%. For 2008, the valuation allowances, the fresh start adjustments and the impairment of goodwill are the primary factors which caused the tax expense of $56 for the eight months ended June 30, 2008 and $199 for the month of January 2008 to differ from an expected tax benefit of $123 and tax expense of $320 at the U.S. Federal statutory rate of 35%.

Liquidity

Common Stock Offering and Debt Reduction — In September 2009, we completed a common stock offering for 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 is held by a wholly-owned non-U.S. subsidiary of Dana. Accordingly, $11 of the $109 payment of the term loan 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 on October 5, 2009, generating net proceeds of $33. Of these proceeds, $15 was used to repay third party debt principal. Additional debt reduction occurred in August 2009 when the wholly-owned non-U.S. subsidiary of Dana paid $12 to repurchase $15 of principal outstanding under our term facility.

Risks and Uncertainties — As discussed in our Form 10-K for 2008 (see Part I, Item 1A “Risk Factors”, the Liquidity section of Part I, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 16 of the notes to our consolidated financial statements in Item 8 of Item 1 of Part I), there continue to be numerous risks and uncertainties relating to the global economy and our industry that could materially affect our future financial performance and liquidity. Among the potential outcomes, these risks and uncertainties could result in decreased sales, limited access to credit, rising costs, increased global competition, customer or supplier bankruptcies, delays in customer payments and acceleration of supplier payments, growing inventories and our failure to meet debt covenants.

Our sales forecast is significantly influenced by various external factors beyond our control, including customer bankruptcies and overall economic market conditions. Achieving our current forecast is also dependent upon a number of internal factors such as our ability to execute our remaining cost reduction plans, to operate effectively within the reduced cost structure and to realize our projected pricing improvements. The previous uncertainty surrounding the potential effects associated with Chapter 11 filings by Chrysler and GM has dissipated. Both companies entered Chapter 11 during the second quarter of 2009, and have subsequently emerged as new companies. In connection with their emergence, contracts for substantially all of our significant programs were assumed by the new companies, and we received full consideration from them of all amounts due. As indicated in the "Trends in Our Markets" section above, we are beginning to see signs of stabilization and improvements in certain markets, thereby reducing the risk associated with further reductions to sales.

Covenants — At September 30, 2009, we were in compliance with our debt covenants under the amended Term Facility with a Leverage Ratio of 4.49 compared to a maximum of 5.10 and an Interest Coverage Ratio of 2.64 compared to a minimum of 2.1. Based on our current forecast assumptions, which include cost reduction actions, and other initiatives, we expect to be able to maintain compliance for the next twelve months and 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 this period. However, there is a high degree of uncertainty in the current environment and it is possible that the factors affecting our business could result in our not being able to comply with the financial covenants in our debt agreements or to maintain sufficient liquidity.

While we had borrowing availability of $224 at September 30, 2009, our additional borrowing capacity under the Revolving Facility and our other credit facilities was limited to $136 based on our financial covenants. Our future borrowing capacity may continue to be constrained by the covenants in our debt agreement.

Global Liquidity — Our global liquidity at September 30, 2009 was as follows:

Cash and cash equivalents	$ 814
Less: Deposits supporting obligations	(30)
Available cash	784
Additional cash availability from lines of credit in the U.S. and Europe	136
Total global liquidity	$ 920

As of September 30, 2009, the consolidated cash balance totaled $814, with $411 of this amount located in the United States. Approximately $30 of our cash balance is in cash deposits that support certain of our obligations, primarily workers compensation. In addition, $74 is held by less than wholly-owned subsidiaries where our access may be restricted. Our ability to efficiently access other cash balances in certain subsidiaries and foreign jurisdictions is subject to local regulatory, statutory or other requirements. Our current credit ratings are B- and Caa1 from Standard and Poor's and Moody's.

The principal sources of liquidity 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. Our ability to borrow the full amount of availability under our revolving credit facilities is effectively limited by the financial covenants.

At September 30, 2009, there were no borrowings under our European trade receivable securitization program and $46 of availability based on the borrowing base. At September 30, 2009, we had no borrowings under the Revolving Facility but we had utilized $185 for letters of credit. Based on our borrowing base collateral, we had availability at that date under the Revolving Facility of $178 after deducting the outstanding letters of credit. During the fourth quarter of 2008, one of our lenders failed to honor its 10% share of the funding obligation under the terms of our Revolving Facility and was a defaulting lender. If this lender does not honor its obligation in the future, our availability could be reduced by up to 10%.

General Motors (GM) Supplier Financing Program — During the second quarter of 2009, we elected to mitigate our GM accounts receivable exposure by participating in the Automotive Supplier Support Program. GM Supplier Receivables LLC (GMSR), a newly created subsidiary of GM, began to purchase GM receivables from approved GM suppliers in May. The obligations of GMSR related to these purchases are guaranteed by the U.S. Department of the Treasury. As of June 30, 2009, we were owed $11 for the receivables sold to GMSR. Because these sales of receivables did not satisfy the technical requirements for sales of financial assets, we were required to retain the GM receivables, record the $11 receivable from GMSR and recognize a liability shown on our June 30, 2009 balance sheet as financial obligation related to GM supplier program. In the third quarter of 2009, we collected this receivable, discontinued our participation in this program and eliminated the receivable from GMSR and the corresponding financing obligation.

Cash Flow

	Dana		Prior Dana
	Nine Months Ended September 30, 2009	Eight Months Ended September 30, 2008	One Month Ended January 31, 2008
Cash used in reorganization activity	$ (2)	$ (879)	$ (74)
Cash used by changes in working capital	49	(152)	(61)
Other items and adjustments providing cash	41	98	13
Total cash provided by (used in) operating activities	88	(933)	(122)
Cash provided by (used in) investing activities	(71)	(148)	77
Cash provided by (used in) financing activities	(7)	(30)	912
Increase (decrease) in cash and cash equivalents	$ 10	$ (1,111)	$ 867

Operating Activities — Exclusive of working capital and reorganization-related activity, cash provided from operations was $41 during the first nine months of 2009, as compared to $111 provided for the combined periods of 2008. A reduced level of operating earnings was the primary factor for the lower level of cash provided in 2009 as compared to the combined periods of 2008. Additionally, our workforce reduction and other realignment activities consumed cash of $118 during the first nine months of 2009, an increase of $11 over the comparable period of 2008.

Working capital provided cash of $49 in the first nine months of 2009, whereas cash of $213 was used in the first nine months of 2008. The combination of focused operational initiatives and lower sales levels combined to generate cash of $264 in 2009 from reductions in inventory. During 2008, cash of $76 was used to finance increased inventory. Bringing inventories in line with current requirements caused accounts payable to decrease, using cash of $197 in 2009 while cash of $11 was used in 2008. Reductions to receivables generated cash of $84 in 2009 and $103 in 2008.

During 2008, cash was used to satisfy various obligations associated with our emergence from Chapter 11. Cash of $733 was used shortly after emergence to satisfy our payment obligation to VEBAs established to fund non-pension benefits of union retirees. We also made a payment of $53 at emergence to satisfy our obligation to a VEBA established to fund non-pension benefits relating to non-union retirees, with a payment of $2 being made under another union arrangement. Payments of reorganization expenses totaled $46 and Chapter 11 emergence-related claim payments totaled $100 during the eight months ended September 30, 2008.

Investing Activities — Expenditures for property, plant and equipment in 2009 of $74 are down from $164 for the combined periods of 2008. Dana Credit Corporation (DCC) cash of $93 that was restricted during Chapter 11 by a forbearance agreement with DCC noteholders was released in January 2008 as payments were made to the noteholders.

Financing Activities — In September 2009, we completed a common stock offering for 34 million shares at a price per share of $6.75, generating net proceeds of $217. Cash of $197 was used in 2009 to reduce long-term debt, with another $36 being used to reduce short term borrowings. In October 2009, our underwriters exercised an over-allotment option and purchased an additional 5 million shares generating net proceeds of $33 with $15 used to repay third party debt principal. In 2008, 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.

Contractual Obligations

There are no other material changes at September 30, 2009 in our contractual obligations from those reported or estimated in the disclosures in Item 7 of our 2008 Form 10-K.

Contingencies

For a summary of litigation and other contingencies, see Note 17 of the notes to our consolidated financial statements in Item 1 of Part I. We do not believe that any liabilities that may result from these contingencies are reasonably likely to have a material adverse effect on our liquidity or financial condition.

Critical Accounting Estimates

Except as discussed below, our critical accounting estimates for purposes of the financial statements in this report are the same as those discussed in Item 7 of our 2008 Form 10-K.

Retiree Benefits — We use several key assumptions to determine our plan obligations, funding requirements and expenses for our defined benefit pension and other postretirement programs. These key assumptions include the interest rate used to discount the obligations, the long-term estimated rate of return on plan assets and, in the case of our other postretirement benefit obligations, the health care cost trend rates. Our financial position and results of operations are sensitive to changes in both the high quality bond yield rates and investment performance. With limited exceptions, our plan measurements were last revised as of the most recent year end, December 31, 2008. Certain interim remeasurements have occurred in our domestic and international plans related to settlement initiatives and workforce reduction actions. See discussion of our retirement obligations in Note 11 of the notes to our consolidated financial statements in Item 1 of Part I. Our domestic plans represent the largest share of recorded pension obligations. Long-term interest rates and the global equity markets have been volatile during 2009. As a result, we believe that a net increase will occur in the amount of our pension obligation, as well as our future pension expense, when we update the funded status at December 31, 2009.

Using a current discount rate of 5.60%, which is 84 basis points lower than the rate used at December 31, 2008, and projecting our assumed 7.5% annual return on our August 31, 2009 assets for the remainder of the year, the following changes would impact the accounting for our domestic plans: (1) a pre-tax charge to shareholder’s equity at December 31, 2009 in the range of $285 to $335 to reflect investment losses and a lower discount rate; and (2) a change in pre-tax net periodic pension cost from a credit of $7 in 2009 (before any curtailment or settlement impacts) to an expense ranging from $20 to $25 in 2010. No cash contributions are expected to be required in 2010. However, we expect that contributions will be required beginning in 2011. For our international defined benefit pension plans, the impact of changes in key assumptions would not be of the same magnitude as the domestic plans due to lower funding and lower benefit obligations. The ultimate impact on our financial condition and results of operations will depend on the assumptions actually used and on the actual rate of return on plan assets.

Obligations and expense of medical benefits provided to certain non-U.S. retired employees under other postretirement benefit plans will also be impacted by changes in assumptions. Using a discount rate more reflective of current rates would increase the obligation slightly at December 31, 2009 and decrease expense slightly in 2010 when compared to 2009 (before curtailment or settlement impacts). The ultimate impact on our financial condition and results of operations will depend on the assumptions actually used, including the healthcare cost trend rates, among others.

Restructuring actions involving facility closures and downsizing and divestitures frequently give rise to adjustments to employee benefit plan obligations, including the recognition of curtailment or settlement gains and losses. Upon the occurrence of these events, plan asset valuations are updated and the obligations of the employee benefit plans affected by the action are also remeasured based on updated assumptions as of the remeasurement date.

Long-lived Asset Impairment — We perform periodic impairment analyses on our long-lived amortizable assets whenever events and circumstances indicate that the carrying amount of such assets may not be recoverable. When indications are present, we compare the estimated future undiscounted net cash flows of the operations to which the assets relate to their carrying amount. If we determine the operations are unable to recover the carrying amount of their assets, the long-lived assets are written down to their estimated fair value. Fair value is determined based on discounted cash flows, third party appraisals or other methods that provide appropriate estimates of value. A considerable amount of management judgment and assumptions are required in performing the impairment tests, principally in determining whether an adverse event or circumstance has triggered the need for an impairment review and the fair value of the operations.

Based on our most recent assessment in the second quarter of 2009, a 15% reduction in either the projected cash flows or the peer multiples in all of our segments except Sealing and Thermal would not result in impairment of long-lived assets including the definite lived intangible assets. In Sealing and Thermal, a 5% reduction in either the projected cash flows or the peer multiples would not result in impairment. While we believe our judgments and assumptions were reasonable, changes in assumptions underlying these estimates could result in a material impact to our consolidated financial statements in any given period. There were no significant adverse developments occurring in the third quarter of 2009 to require an updated assessment.

Goodwill and Indefinite-lived Intangible Assets — We test goodwill and other indefinite-lived intangible assets for impairment as of October 31 of each year for all of our segments, or more frequently if events occur or circumstances change that would warrant such a review. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. We assessed the remaining goodwill in our Off-Highway segment during the second quarter of 2009 and determined that a 20% reduction in either the projected cash flows or the peer multiples would be required to result in additional impairment.

Indefinite-lived intangible valuations are generally based on revenue streams. We recorded other intangible asset impairment of $6 in the second quarter of 2009. Additional reductions in forecasted revenue could result in additional impairment.

When required, we also utilize market valuation models which require us to make certain assumptions and estimates regarding the applicability of those models to our assets and businesses. We believe that the assumptions and estimates used to determine our estimated fair values are reasonable. There were no significant adverse developments occurring in the third quarter of 2009 to require updated assessments of goodwill or indefinite-lived intangibles.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

There have been no material changes to the market risk exposures discussed in Item 7A of our 2008 Form 10-K.

Item 4. ***Controls and Procedures***

Disclosure Controls and Procedures — We maintain disclosure controls and procedures that are designed to ensure that the information disclosed in the reports we file with the SEC under the Securities Exchange Act of 1934, as amended (Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure.

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

Changes in Internal Control Over Financial Reporting — There was no change in our internal control over financial reporting that occurred during the three months ended September 30, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CEO and CFO Certifications — The Certifications of our CEO and CFO that are attached to this report as Exhibits 31.1 and 31.2 include information about our disclosure controls and procedures and internal control over financial reporting. These Certifications should be read in conjunction with the information contained in this Item 4 and in Item 9A of our 2008 Form 10-K for a more complete understanding of the matters covered by the Certifications.

PART II — OTHER INFORMATION

Item 1. ***Legal Proceedings***

As discussed in Notes 2 and 3 of the notes to our consolidated financial statements in Item 1 of Part I, 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, including claims with respect to debt, pension and postretirement healthcare obligations and other liabilities, were addressed in connection with our emergence from Chapter 11.

As previously reported and as discussed in Note 17 of the notes to our consolidated financial statements in Item 1 of Part I, we are a party to various pending judicial and administrative proceedings that arose in the ordinary course of business (including both pre-petition and subsequent proceedings).

We reached a settlement with the SEC in September 2009, bringing this investigation to a close. No fines or penalties were imposed on Dana. In consenting to a cease and desist order, Dana, as successor registrant to Prior Dana, agreed to comply with various provisions of the federal securities laws. As described in our previous SEC filings, the deficient internal controls were remediated in 2007 and periodic reviews have confirmed the effectiveness of the remedial actions taken to ensure proper control.

After reviewing the currently pending lawsuits and proceedings (including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage and surety bonds 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 1A. *Risk Factors*

There have been no material changes in our risk factors disclosed in Part I, Item 1A of our 2008 Form 10-K.

Liquidity is discussed in Note 14 of the notes to our consolidated financial statements in Item 1 of Part I and under Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 2 of Part I above. We have updated our forecast for 2009. Based on this forecast, the improvement in liquidity resulting from our common stock offering and our assessment of reasonably possible scenarios, we believe that our ability to continue as a going concern for the next twelve months is reasonably assured.

Item 6. *Exhibits*

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

Table of Contents

SIGNATURES

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

	DANA HOLDING CORPORATION
Date: November 3, 2009	By: /s/ James A. Yost James A. Yost Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
10.1	Executive Employment Agreement by and between Dana Holding Corporation and James E. Sweetnam dated May 22, 2009.
31.1	Rule 13a-14(a)/15d-14(a) Certification by Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification by Chief Financial Officer
32	Section 1350 Certifications

Exhibit 10.1

EXECUTION COPY

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement ("Agreement") is entered into this May ___, 2009 by and between Dana Holding Corporation, a Delaware corporation, with its principal executive office at 4500 Dorr Street, Toledo, Ohio (the "Company"), and James E. Sweetnam, an individual, residing in Ohio ("Executive"), effective July 1, 2009 (the "Effective Date").

RECITALS

A. The Company desires to employ Executive as President and Chief Executive Officer of the Company.

B. The Company and Executive desire to enter into this Agreement as to the terms of Executive's employment by the Company to be effective as of July 1, 2009.

Therefore, in consideration of the promises and respective covenants and agreements of the parties herein contained, and intending to be legally bound, the parties hereto agree as follows:

1. **Employment** The Company and Executive hereby agree that as of the Effective Date Executive shall be employed by the Company on the terms set forth in this Agreement.

2. **Term.** The employment of Executive by the Company under the terms of this Agreement shall commence on the Effective Date and shall continue in effect for an initial three (3) year period. Upon the second anniversary of the Effective Date, and on each successive anniversary, the period shall be automatically extended by one (1) year (so that on every anniversary of the Effective Date thereafter the remaining term shall be for two (2) years), unless either party gives notice to the other party at least ninety (90) days prior to the second anniversary of the Effective Date or such next anniversary, as applicable, that the employment period shall expire at the end of the initial three (3) year period or such two (2)-year period, as applicable, without extension (the initial and each successive employment period being the "Term"), unless earlier terminated as set forth in Section 6 of this Agreement. Executive's employment after expiration of the Term shall be at-will and not governed by this Agreement (other than by provisions that by their terms survive such expiration).

3. **Position and Duties.** Executive shall serve as President and Chief Executive Officer of the Company, reporting to the Chairman of the Board of Directors of the Company ("Board"), and shall have such responsibilities and authority commensurate with such position as may from time to time be assigned to Executive by the Board. Executive shall devote substantially all his working time and efforts to the business and affairs of the Company. However, Executive may devote reasonable time to supervision of his personal investments and professional, charitable, educational, religious and other similar activities, and speaking engagements, provided such activities are not competitive with the Company and do not interfere with Executive's discharge of his duties to the Company. Executive may serve on the board of directors of any company or organization with the Board's prior written consent. The Board consents to Executive continuing to serve on the board of directors of The Lubrizol Corporation.

4. **Directorship Agreement.** As soon as reasonably possible after the Effective Date, Executive shall be appointed as a member of the Board. While serving as a Director, the Board shall re-nominate Executive from term to term while acting as President and Chief Executive Officer. Upon Executive's ceasing to be President and Chief Executive Officer, Executive shall immediately resign as a Director.

5. Compensation and Related Matters. During the Term, Executive shall be entitled to the following amounts and benefits:

5.1 **Salary.** The Company shall pay to Executive a salary of $1,000,000 per year (the "Base Salary"), which rate may be increased (but not decreased, except for across-the-board decreases applicable with like proportionate effect to other senior executives of the Company) from time to time in accordance with normal business practices of the Company, in the discretion of the Board. The Base Salary shall be payable by the Company in accordance with the normal payroll practices of the Company then in effect. Any increase or decrease in the Base Salary amount shall thereafter be Executive's "Base Salary" for all purposes hereunder.

5.2 **Bonus.** Executive shall be eligible for an annual bonus with a target amount equal to 100% of Executive's Base Salary pursuant to the annual incentive program under the Company's 2008 Omnibus Incentive Plan ("Plan"). Executive's eligibility for the bonus and the amount thereof shall be based on the achievement of performance measures set by the Board of Directors. The Executive's target bonus percentage will be reviewed by the Board at least annually for its competitiveness and in light of any new responsibilities assumed by the Executive.

5.3 **Annual Long Term Incentive Program.** Executive shall be eligible for annual awards pursuant to the long term incentive program under the Plan, commencing with awards granted to senior executives in fiscal 2010, as determined in the sole discretion of the Compensation Committee of the Board or the Board. The Company's intent is to provide a long term incentive program that is market competitive for comparable industry positions.

5.4 **Stock Option.** As an inducement to Executive to enter into this Agreement, on the Effective Date, Executive shall be awarded a nonqualified stock option pursuant to the Plan to purchase up to 1,500,000 shares of the Company's Common Stock at an exercise price equal to the Market Value Per Share (as defined under the Plan) on the date of award (the "Option"). The Option shall have a 10-year term, shall vest and become exercisable as to 500,000 shares on each of the first, second and third anniversaries of the Effective Date provided that Executive remains continuously employed by the Company until each such date for such respective installment to so vest, and shall be documented in accordance with the Company's standard form of Nonqualified Stock Option Agreement to be entered into between the Company and Executive that otherwise is consistent with the terms hereof; provided, the Option shall become fully vested and exercisable upon the first to occur of (i) the involuntary termination of Executive's employment by the Company without Cause (and not due to Disability) or Executive's voluntary termination for Good Reason and shall remain exercisable for six months following the date of such termination (or any such earlier expiration of the Option term) (with such capitalized terms having the meaning defined below) or (ii) a Change in Control of the Company (as defined under the Plan).

5.5 **Restricted Stock Units.** As a further inducement, on the Effective Date Executive shall be awarded 200,000 restricted stock units under the Plan (the "Restricted Stock Units"), vesting on February 28, 2011, provided that Executive remains continuously employed by the Company until such date for the Restricted Stock Units to so vest. The Restricted Stock Units shall be paid to Executive in shares of Company common stock within two and one-half (2-1/2) months after the date of vesting. Executive shall be entitled to

payment of dividend equivalents on the Restricted Stock Units, subject to vesting above, as and when dividends are paid to stockholders on the Company's common stock, which dividend equivalents shall be converted into further restricted stock units (based on the Market Value Per Share on the date that dividends are paid to the Company's stockholders) and paid, to the extent becoming vested, together with the payment of the Restricted Stock Units above. The Restricted Stock Units shall be documented in accordance with the Company's standard form of Restricted Stock Unit Award Agreement to be entered into between the Company and Executive that otherwise is consistent with the terms hereof. The Restricted Stock Units shall vest and become immediately payable upon the first to occur of (i) an involuntary termination of Executive's employment by the Company without Cause (and not due to Disability) or Executive's voluntary termination for Good Reason or (ii) a Change in Control of the Company. In the event that Executive voluntarily terminates his employment (other than for Good Reason) or the Company involuntary terminates his employment for Cause after the payment of the Restricted Stock Units and prior to the second anniversary of the Effective Date, he shall within ten (10) days thereafter repay the Company an amount equal to the product of (A) the product of the number of shares constituting all of the Restricted Stock Units previously paid to Executive (including any dividend equivalents thereon) multiplied by the Market Value Per Share on the date of such termination multiplied by (B) the ratio of the number of days from the date of termination until such second anniversary to 730 days (the "RSU Repayment Amount"). In the event of a Change in Control of the Company, Executive shall have no obligation to repay the RSU Repayment Amount upon a voluntary termination of his employment for any reason thereafter.

5.6 **Cash Award.** As a further inducement, on the Effective Date Executive shall receive a cash award in the amount of $550,000 ("Cash Award"). In the event that Executive voluntarily terminates his employment (other than for Good Reason) or the Company involuntary terminates his employment for Cause prior to the first anniversary of the Effective Date, he shall within ten (10) days thereafter repay the Cash Award in full to the Company. In the event that Executive voluntarily terminates his employment (other than for Good Reason) or the Company involuntary terminates his employment for Cause after the first anniversary and prior to the second anniversary of the Effective Date, he shall within ten (10) days thereafter repay a proportionate amount of the Cash Award to the Company based on the ratio of the number of days from the date of termination until such second anniversary to 730 days. In the event of a Change in Control of the Company, Executive shall have no obligation to repay the Cash Award upon a voluntary termination of his employment for any reason thereafter.

5.7 **Stock Purchase Award.** As a further inducement, on the Effective Date, Executive shall receive a cash award in the amount of $500,000, provided that Executive expends the after-tax proceeds of which (based on maximum marginal tax rates) to purchase 500,000 shares, or such lesser number of shares as can be purchased with the full amount of such after-tax proceeds, of Company common stock on the Effective Date (based on the Market Value Per Share on the Effective Date) (the "Stock Purchase Award"). Executive shall hold the Stock Purchase Award in accordance with the Company's stock ownership policy for its officers. In the event that Executive voluntarily terminates his employment (other than for Good Reason) or the Company involuntary terminates his employment for Cause prior to the first anniversary of the Effective Date, he shall within ten (10) days thereafter repay the Company an amount equal to the product of the number of shares constituting the Stock Purchase Award multiplied by the Market Value Per Share on the

date of such termination (the "Stock Purchase Repayment Amount"). In the event that Executive voluntarily terminates his employment (other than for Good Reason) or the Company involuntary terminates his employment for Cause after the first anniversary and prior to the second anniversary of the Effective Date, he shall within ten (10) days thereafter repay a proportionate amount of the Stock Purchase Repayment Amount to the Company based on the ratio of the number of days from the date of termination until such second anniversary to 730 days. In the event of a Change in Control of the Company, Executive shall have no obligation to repay the Stock Purchase Repayment Amount upon a voluntary termination of his employment for any reason thereafter.

5.8 **Inducement Award.** As a further inducement, on the Effective Date, Executive shall be entitled to receive a cash award in the amount of $2,000,000 ("Special Cash Award"), payable in two equal installments the first of which shall be paid on the Effective Date and the second of which shall be paid not later than July 1, 2010, provided that Executive remains continuously employed until such date to be entitled to receive such second installment. In the event of a termination of Executive's employment by the Company without Cause or Executive's voluntary termination of his employment for Good Reason, the second installment of the Special Cash Award, if then unpaid, shall be paid to Executive within thirty (30) days following Executive's such termination (subject to Executive's entering into a release of claims provided under Section 6.4). In the event that Executive voluntarily terminates his employment (other than for Good Reason) or the Company involuntary terminates his employment for Cause prior to the first anniversary of the Effective Date, Executive shall within ten (10) days thereafter repay the amount of the Special Cash Award, previously paid to him, in full to the Company. In the event that Executive voluntarily terminates his employment (other than for Good Reason) or the Company involuntary terminates his employment for Cause after the first anniversary and prior to the second anniversary of the Effective Date, Executive shall within ten (10) days thereafter repay a proportionate amount of the Special Cash Award to the Company based on the ratio of the number of days from the date of termination until such second anniversary to 730 days. In the event of a Change in Control of the Company, the second installment of the Special Cash Award, if then unpaid, shall be paid immediately to Executive and he shall have no obligation to repay any portion of the Special Cash Award upon his voluntary termination for any reason thereafter. Except as provided above, the unpaid portion of the Special Cash Award shall be forfeited upon a termination of Executive's employment.

5.9 **Relocation Expenses.** Executive shall relocate his principal residence from the metropolitan Cleveland area. Executive shall be entitled to reimbursement of his reasonable relocation expenses incurred for a relocation of his principal residence and temporary living expenses in accordance with the Company's relocation program applicable to its senior executives.

5.10 **Vacation.** In addition to legal holidays observed by the Company, Executive shall be entitled to twenty (20) days of paid vacation per year, which vacation days shall accrue and be useable by Executive in accordance with the Company's standard vacation policies. Upon termination of employment, the Company shall promptly pay Executive any accrued and unused vacation days.

5.11 **Supplemental Benefit.**

5.11.1 To compensate Executive for a lost opportunity to receive future cash benefits from his previous employer, Executive shall be entitled to a cash make-whole benefit in the amount of $2,200,000, vesting and becoming payable in equal annual installments on each of the first six (6) anniversaries of the Effective Date, provided that Executive is continuously employed by the Company on each such anniversary for such respective installments to so vest ("Supplemental Benefit"). Upon each vesting date, the vested installment shall be paid to Executive within thirty (30) days thereafter. In the event of the involuntary termination of Executive's employment by the Company without Cause or voluntary termination by Executive for Good Reason, Executive shall thereafter become vested and entitled to payment of such installments of the Supplemental Benefit, as and when the installments otherwise are due hereunder, as would have been become vested and payable to Executive during the period ending on the second anniversary of such termination had Executive's employment not so terminated (subject to Executive's entering into a release of claims provided under Section 6.4 upon such termination); provided, Executive shall immediately forfeit any such unpaid installments upon a breach of any covenant under Section 9 (non-competition) or Section 10 (non-solicitation) hereof. In the event of Executive's death or termination of employment due to his Disability, Executive shall vest in a pro rata portion of the installment otherwise payable on the next succeeding anniversary date following such death or termination (such proration shall be based on the ratio of the number of days employed since the immediately preceding anniversary date to 365) which amount shall be paid to Executive within thirty (30) days following Executive's death or termination. Except as otherwise provided under this Section 5.11, Executive shall forfeit the unpaid amount of his Supplemental Benefit upon a termination of his employment.

5.11.2 The Company shall use its commercially reasonable best efforts to assist Executive in the issuance on or about the Effective Date of a letter of credit in Executive's favor, in the amount of $1,100,000, from a financial institution reasonably acceptable to Executive, and expiring sixty (60) days after the third anniversary of the Effective Date, for the purpose of paying amounts that may become payable to Executive under this Section 5.11. As a condition of payment to Executive, as and when each of the first three installments vests hereunder, Executive shall direct the issuer of the letter of credit to disburse the gross payment less applicable federal and state income and employment withholding tax obligations on the gross amount.

5.12 **Expenses.** During the term of Executive's employment hereunder, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in performing services hereunder, including all expenses of travel and living expenses while away from home on business or at the request or and in the service of the Company, provided that such expenses are incurred and accounted for in accordance with the policies and procedures as reasonably established by the Company.

5.13 **Other Benefits.** Executive shall be entitled to participate in all of the Company's benefit plans or arrangements, subject to the terms and conditions thereof, as in effect from time to time with respect generally to senior executives; provided, Executive's allowance for perquisites under the applicable perquisite program of the Company shall be in the

amount of $100,000 for each fiscal year (which will not be prorated for fiscal 2009). The Executive shall have access to chartered corporate aircraft for business travel to the extent provided under the Company's travel policy. The Company shall pay the professional fees and costs incurred by Executive in connection with the negotiation and documentation of his employment arrangements in an amount not to exceed $25,000.

6. Termination.

6.1 **Termination for Any Reason.** Anything herein to the contrary notwithstanding, the Company may terminate Executive's employment at any time for any reason with or without notice. Executive may voluntarily terminate his employment at any time for any reason after giving the Company not less than thirty (30) days prior notice of such termination. The Term shall terminate upon any such termination of employment.

6.2 **Termination Upon Death or Disability.** Executive's employment hereunder shall terminate upon his death. In the event that Executive's employment terminates due to his death or Disability, he shall be entitled to (i) his accrued and unpaid Base Salary and accrued and unused vacation, payable not later than the first complete payroll payment date following such termination, (ii) his unreimbursed business expenses incurred prior to such termination, payable in accordance with the policies and procedures applicable under Section 5.13, (iii) his accrued and vested benefits under all employee benefit plans in which Executive is a participant, payable in accordance with the terms of such plans (collectively, Executive's "Accrued Obligations"), and (iv) a bonus based on actual performance under the annual incentive program and pro rated based on the ratio of the number of days employed during the fiscal year to 365, and paid when annual bonuses are paid to other senior executives. Executive shall also be entitled to any unpaid annual and long term cash bonus earned for a completed previous performance period, payable when such bonuses are paid to other senior executives ("Prior Bonus"). Upon payment of such amounts and benefits, the Company shall have no further obligation to Executive. For all purposes under this Agreement, "Disability" shall have the meaning set forth in the Company's Executive Severance Plan (or successor to such plan).

6.3 **Termination by the Company For Cause.** In the event that the Company terminates Executive's employment for Cause, Executive shall be entitled to his Accrued Obligations. Upon payment of such amounts and benefits, the Company shall have no further obligation to Executive.

6.4 **Termination by the Company Without Cause; by Executive for Good Reason.**

6.4.1 In the event that the Company involuntarily terminates Executive's employment without Cause (and not due to Disability) or Executive voluntarily terminates his employment for Good Reason, Executive shall be entitled to (i) his Accrued Obligations and any Prior Bonus, (ii) severance in an amount equal to twenty-four (24) months of Executive's Base Salary, payable in regular payroll installments over the twenty-four (24) month period commencing on the date of Executive's termination, (iii) a bonus based on actual performance under the annual incentive program and pro rated based on the ratio of the number of days employed during the fiscal year to 365, and paid when annual bonuses are paid to other senior executives, (iv) medical, dental, prescription drug, basic life insurance and employee assistance program benefits for twenty-four (24) months following the date of Executive's termination subject to Executive's payment of

any required employee contributions consistent with those contributions required of active employees of the Company (and which benefits shall be coterminous with Executive's entitlement to COBRA health benefits continuation), and (v) outplacement benefits (having a cost not exceeding $50,000); provided, such payments and benefits provided under clauses (ii), (iii), (iv) and (v) shall be subject to Executive entering into a complete release of all claims in the form then applicable for such a termination under the Company's Executive Severance Plan (or any successor to such plan); further provided, the severance amount payable under clause (ii) and the benefit continuation period provided under clause (iv) shall be reduced to such amount and period as applies by excluding from any such severance payments and benefit continuation period under clauses (ii) and (iv) as would apply after the date Executive attains age 65. Upon payment of such amounts and benefits, the Company shall have no further obligation to Executive. All amounts payable under this Section 6.4 shall be in lieu of and not in addition to any amount that otherwise might be payable under the Company's Executive Severance Plan (or successor to such plan) upon such a termination.

6.4.2 For all purposes under this Agreement, "Cause" shall mean and include (i) a willful and material misappropriation of any monies or assets or properties of the Company; (ii) a willful and material breach by Executive of the terms of this Agreement that is demonstrably injurious to the Company and that has not been cured within thirty (30) days after written notice to Executive of the breach, which notice shall specify the breach and the nature of conduct necessary to cure such breach; or (iii) the conviction of, or plea of guilty or nolo contendre, by Executive to a felony or to any criminal offense involving Executive's moral turpitude.

6.4.3 For all purposes under this Agreement, "Good Reason" shall mean the occurrence of any of the following without the Executive's consent: (i) any material adverse change by the Company in Executive's title, position, authority or reporting relationships with the Company; (ii) the Company's requirement that Executive relocate to a location in excess of fifty (50) miles from the Company's current office location or from any future office location acceptable to Executive; or (iii) any material breach by the Company of this Agreement which is not cured within thirty (30) days after written notice thereof by Executive to the Company, which notice shall specify the breach and the nature of conduct necessary to cure such breach.

6.5 **Termination By Executive Other than for Good Reason.** In the event that Executive voluntarily terminates his employment other than due to Disability and other than for Good Reason, he shall be entitled to his Accrued Obligations. Upon payment of such amounts and benefits, the Company shall have no further obligation to Executive.

6.6 **Termination Upon Expiration of the Term.** In the event Executive's employment is terminated by the Company or Executive upon the expiration of the Term, Executive shall be entitled to his Accrued Obligations and any Prior Bonus. Upon payment of such amounts and benefits, the Company shall have no further obligation to Executive.

7. Confidential Information.

7.1 During the period of Executive's employment and at all times thereafter, Executive shall protect and not disclose Proprietary Information, except as may be required to discharge his duties hereunder or if Executive is required by law, regulation, or court order to disclose any Proprietary Information. "Proprietary Information" is all information, whether or not reduced to writing (or in a form from which information can be obtained, translated, or derived into reasonably usable form) or maintained in the mind or memory of Executive and whether compiled or created by the Company, any of its subsidiaries or any affiliates of the Company or its subsidiaries (collectively, the "Company Group"), which derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from the disclosure or use of such information, of a proprietary, private, secret or confidential (including, without exception, inventions, products, processes, methods, techniques, formulas, compositions, compounds, projects, developments, sales strategies, plans, research data, clinical data, financial data, personnel data, computer programs, customer and supplier lists, trademarks, service marks, copyrights (whether registered or unregistered), artwork, and contacts at or knowledge of customers or prospective customers) nature concerning the Company Group's business, business relationships or financial affairs; provided however, that Proprietary Information shall not include any information that (i) has become generally available to the public other than as a result of a disclosure by Executive, or (ii) was available or became known to Executive prior to the disclosure of such information on a non-confidential basis without breach of any duty of confidentiality from any party to the Company and Executive.

7.2 Executive further agrees that his obligation not to disclose or to use information and materials of the types, and his obligation to return materials and tangible property, set forth in this Section 7 also extends to such types of information, materials and tangible property of customers of the Company Group, consultants for the Company, suppliers to the Company, or other third parties who may have disclosed or entrusted the same to the Company or to Executive.

7.3 Executive's obligations under this Section 7 are in addition to, and not in limitation of, all other obligations of confidentiality under the Company's policies, general legal or equitable principles or statutes.

8. Statements to Third Parties.

8.1 During the period of Executive's employment and at all times thereafter, other than in connection with the performance of his duties hereunder, Executive shall not, directly or indirectly, make or cause to be made any statements, including but not limited to, comments in books or printed media, to any third parties criticizing or disparaging the Company Group or commenting on the character or business reputation of the Company Group and resulting in a material adverse impact upon the Company. Without the prior written consent of the Board, unless otherwise required by law, Executive shall not (i) publicly comment in a manner materially adverse to the Company Group concerning the status, plans or prospects of the business of the Company Group or (ii) publicly comment in a manner materially adverse to the Company Group concerning the status, plans or prospects of any existing, threatened or potential claims or litigation involving the Company Group; provided, nothing herein shall preclude honest and good faith reporting by Executive to appropriate Company or legal enforcement authorities.

8.2 During the period of Executive's employment and at all times thereafter, other than in connection with the performance of the duties of Company senior executives (other than Executive), no senior executive of the Company (other than Executive) shall, directly or indirectly, make or cause to be made any statements, including but not limited to, comments in books or printed media, to any third parties criticizing or disparaging Executive or commenting on the character or business reputation of Executive, and resulting in a material adverse impact upon Executive. Nothing herein shall preclude honest and good faith reporting by the Company to appropriate legal enforcement authorities.

9. **Non-Competition.** For a period commencing on the Effective Date and continuing for twenty-four (24) months following Executive's termination of employment for any reason (the "Restricted Period"), Executive covenants and agrees that Executive shall not, directly or indirectly, engage in any activities on behalf of or have an interest in any Competitor of the Company Group, whether as an owner, investor, executive, manager, employee, independent consultant, contractor, advisor, or otherwise, other than ownership of less than one percent (1%) of any class of stock in a publicly traded corporation. A "Competitor" is any entity doing business directly or indirectly (as an owner, investor, provider of capital or otherwise) in the United States including any territory of the United States (the "Territory") that provides products or services that are the same or similar to the products or services that are being provided by any member of the Company Group at the time of Executive's termination or that were provided by a member of the Company Group during the two-year period prior to Executive's termination of employment. Executive acknowledges and agrees that due to the continually evolving nature of the Company Group's industry, the scope of its business or the identities of Competitors may change over time. Executive further acknowledges and agrees that the Company Group markets its products and services on a nationwide basis, encompassing the Territory and that the restrictions imposed by this covenant, including the geographic scope, are reasonably necessary to protect the Company Group's legitimate interests.

10. **Non-Solicitation.** Executive hereby covenants and agrees that he shall not during the Restricted Period, directly or indirectly, individually or on behalf of any other person or entity:

10.1 Hire or employ or assist in hiring or employing any person who was at any time during the last 6 months of Executive's employment an employee, representative or agent of any member of the Company Group or solicit, aid, induce or attempt to solicit, aid, induce or persuade, directly or indirectly, any person who is an employee, representative, or agent of any member of the Company Group to leave his or her employment with any member of the Company Group to accept employment with any other person or entity provided, however, the foregoing shall not prohibit advertisements for employment placed in newspapers or other media of general circulation to the general public; or

10.2 Solicit any customer of the Company Group, or any person or entity whose business the Company Group had solicited during the 180-day period prior to termination of Executive's employment for purposes of business which is competitive to the Company Group within the Territory.

11. **Developments.** Executive acknowledges and agrees that he shall make full and prompt disclosure to the Company of all inventions, improvements, discoveries, methods, developments, software, mask works, and works of authorship, whether patentable or copyrightable or not, (i) which relate to the Company's business and have heretofore been created, made, conceived or reduced to practice by Executive or under his direction or jointly with others, and not assigned to

prior employers, or (ii) which have utility in or relate to the Company's business and are created, made, conceived or reduced to practice by Executive or under his direction or jointly with others during his employment with the Company, whether or not during normal working hours or on the premises of the Company (all of the foregoing of which are collectively referred to in this Agreement as "Developments"). Executive further agrees to enter into the Company's standard form of invention and disclosure agreement that is required of all new employees. Executive further agrees to cooperate fully with the Company, both during and his employment with the Company, with respect to the procurement, maintenance and enforcement of copyrights, patents and other intellectual property rights (both in the United States and other countries) relating to Developments. Executive shall not be required to incur or pay any costs or expenses in connection with the rendering of such cooperation.

12. **Remedies.** Executive and the Company agree that the covenants contained in Sections 7, 8, 9, 10 and 11 (the "Covenants") are reasonable under the circumstances, and further agree that if in the opinion of any court of competent jurisdiction any such Covenant is not reasonable in any respect, such court shall have the right, power and authority to sever or modify any provision or provisions of such Covenants as to the court will appear not reasonable and to enforce the remainder of the covenants as so amended. Executive acknowledges and agrees that the remedy at law available to the Company for breach of any of Executive's obligations under the Covenants would be inadequate and that damages flowing from such a breach may not readily be susceptible to being measured in monetary terms. Accordingly, Executive acknowledges, consents and agrees that, in addition to any other rights or remedies that the Company may have at law, in equity or under this Agreement, upon adequate proof of Executive's violation of any Covenant, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage or of posting any bond.

13. **Indemnification; Insurance.**

13.1 On the Effective Date, the Company and Executive shall enter into the Company's standard form of director and officer indemnification agreement.

13.2 Executive has advised the Company that he may incur a forfeiture of accrued and vested pension benefits in the amount of $2,100,000, or a loss of special termination benefits in the amount of $900,000, or both, in connection with his termination of employment with his previous employer and commencement of employment with the Company. To the extent that Executive substantiates such obligation to him and his previous employer does not pay such amounts to Executive when due to him under the applicable compensation plan of his previous employer, the Company shall pay such amount to Executive at such time to make him whole for such forfeiture; provided, that Executive shall repay to the Company all amounts he thereafter recovers from his previous employer, Executive shall exercise all reasonable efforts to collect such amount from his previous employer (provided that the Company reimburses Executive for the expenses he incurs in connection with such collection efforts), and in all events the Company shall be subrogated to all rights that Executive has in such amount payable by his previous employer and the Company shall have a right to offset other compensation payable to Executive by the amount he recovers from his previous employer in such circumstances. In the event that Executive voluntarily terminates his employment (other than for Good Reason) or the Company involuntary terminates his employment for Cause prior to the first anniversary of the Effective Date, Executive shall within ten (10) days thereafter repay in full any amount paid by the Company to Executive under this Section 13.2. In

the event that Executive voluntarily terminates his employment (other than for Good Reason) or the Company involuntary terminates his employment for Cause after the first anniversary and prior to the second anniversary of the Effective Date, Executive shall within ten (10) days thereafter repay a proportionate portion of any amount paid to Executive under this Section 13.2 based on the ratio of the number of days from the date of termination until such second anniversary to 730 days. In the event that the Company involuntarily terminates Executive's employment without Cause, Executive voluntarily terminates his employment for Good Reason, Executive dies or his employment terminates due to his Disability, Executive (or the legal representative of his estate in the event of Executive's death) shall remain entitled to all amounts payable to Executive, subject to the obligations of Executive, under this Section 13.2 above. In the event of Executive's termination of employment other than as provided in this Section 13.2 above, he shall forfeit all unpaid amounts provided under this Section 13.2.

14. **Change in Control.** Executive shall participate in the Company's Executive Severance Plan, other than provisions respecting a termination of employment prior to the occurrence of a change in control thereunder.

15. **Representation; Legal Restrictions.** Executive represents and warrants to the Company that Executive is not a party to any contract, agreement or understanding, written or oral, including, without limitation, any agreement containing any non-competition, non-solicitation, confidentiality or other restrictions on your activities, which could prevent Executive from entering into this Agreement or performing all of Executive's duties and obligations hereunder, other than as has been disclosed by Executive.

16. **Withholding.** The Company may withhold from any and all amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

17. **Notice.** For the purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or (unless otherwise specified) mailed by registered mail, return receipt requested, postage prepaid, addressed as set forth above, or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

18. **Miscellaneous.**

18.1 The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware.

18.2 Sections 6 (respecting any termination of employment occurring prior to expiration of the Term),7, 8, 9, 10, 11, 12, 13 and 15 (and such provisions of Section 18 as are relevant) of this Agreement shall remain in full force and effect and shall survive the termination of Executive's employment and the expiration or other termination of this Agreement.

18.3 If Executive becomes entitled to (including Executive having satisfied his obligation to enter into a release of claims) and/or is at any time receiving severance payments under Section 6.4 and, following the commencement of any bankruptcy or insolvency proceeding, the Company fails to pay any installment of such severance payments within

fifteen (15) days after the date such installment is due and payable, the provisions of Section 9 and 10.2 hereof shall cease to apply to Executive.

18.4 Any dispute, controversy or question arising under, out of, or relating to this Agreement (or the breach thereof), or, Executive's employment with the Company or termination thereof, other than those disputes relating to Executive's alleged violations of Sections 7, 8.1, 9, 10 and 11, or the Company's alleged violation of Section 8.2, of this Agreement shall be referred for binding arbitration in Toledo, Ohio. Such arbitration shall be conducted in accordance with the National Rules for Resolution of Commercial Disputes of the American Arbitration Association ("Rules"). The parties shall select a neutral arbitrator and this shall be the sole means for resolving such dispute; provided, if the parties are unable to agree to an arbitrator, an arbitrator will be selected in accordance with the Rules. Each party shall be responsible for his or its attorneys fees and litigation expenses, however, the Company shall pay the costs of the arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 18.4 shall not apply to any action by the Company to enforce Sections 7, 8.1, 9, 10 or 11, or by Executive to enforce Section 8.2, of this Agreement and shall not in any way restrict the Company's remedies under Section 12 of this Agreement.

18.5 It is the intent of the parties that this Agreement be administered so as to comply with Section 409A of the Internal Revenue Code of 1986 ("Section 409A") and all applicable regulations. The parties intend that any payment due hereunder shall be delayed or adjusted as deemed reasonably necessary to avoid the imposition of Section 409A penalties upon Executive. Without limiting the generality of the foregoing and any provision in this Agreement to the contrary notwithstanding, if any portion of the payments or benefits to be received by Executive under this Agreement would be considered deferred compensation under Section 409A, then the following provisions shall apply to the relevant portion:

18.5.1 For purposes of this Agreement, no payment that would otherwise be made and no benefit that would otherwise be provided upon a termination of employment shall be made or provided unless and until such termination of employment is also a "separation from service" (as determined in accordance with Section 409A);

18.5.2 If Executive is a "specified employee" (within the meaning of Section 409A and determined pursuant to procedures adopted by the Company) at the time of a separation from service, each portion of such payments and benefits that would otherwise be payable pursuant to this Agreement upon a separation from service during the six (6) month period immediately following the separation from service shall instead be paid or made available on the earlier of (i) the first business day of the seventh month following the date Executive incurs a separation from service, and (ii) Executive's death (the applicable date, the "Permissible Payment Date");

18.5.3 With respect to any amount of expenses eligible for reimbursement under this Agreement, such expenses shall be reimbursed by the Company within 60 calendar days (or, if applicable, on the Permissible Payment Date) following the date on which the Company receives the applicable invoice from Executive but

in no event later than December 31 of the year following the year in which Executive incurs the related expense;

18.5.4 Payments delayed under this Section 18.5 as a result of the application of Section 409A shall not accrue interest. In no event shall the reimbursements or in-kind benefits to be provided by the Company in one taxable year affect the amount of reimbursements or in-kind benefits to be provided in any other taxable year, nor shall Executive's right to reimbursement or in-kind benefits be subject to liquidation or exchange for another benefit; and

18.5.5 Each payment under this Agreement shall be considered a "separate payment."

18.6 The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

18.7 Any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Board or a Committee or member thereof as may be duly authorized by the Board. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

18.8 This Agreement, and Executive's rights and obligations hereunder, may not be assigned or delegated by him. The Company may assign its rights, and delegate its obligations, hereunder to any subsidiary or affiliate of the Company, or any successor to the Company, specifically including the Covenants. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon its respective successors and assigns. The rights and obligations of Executive under this Agreement shall inure to the benefit of and be binding upon his heirs and legatees.

18.9 This Agreement constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties relating to the subject matter of this Agreement.

18.10 The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof, affect the meaning or interpretation of this Agreement or of any term or provision hereof. Words of one gender shall be interpreted to mean words of another gender when necessary to construe this Agreement, and in like manner words in singular may be interpreted to be in the plural, and vice versa. Use of the word "or" shall mean "either or both" and use of the word "including" shall be "without limitation."

18.11 This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

Dana Holding Corporation

By: /s/John M. Devine	/s/ James E. Sweetnam
John M. Devine	James E. Sweetnam
Chief Executive Officer	

EXHIBIT 31.1

Certification of Chief Executive Officer

I, James E. Sweetnam, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dana Holding Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2009

/s/ James E. Sweetnam
James E. Sweetnam
Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer

I, James A. Yost, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dana Holding Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2009

/s/ James A. Yost
James A. Yost
Chief Financial Officer

EXHIBIT 32

Certifications Pursuant to 18 U.S.C. Section 1350

In connection with the Quarterly Report of Dana Holding Corporation (Dana) on Form 10-Q for the three months ended September 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the Report), each of the undersigned officers of Dana certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Dana as of the dates and for the periods expressed in the Report.

Date: November 3, 2009

/s/ James E. Sweetnam
James E. Sweetnam
Chief Executive Officer

/s/ James A. Yost
James A. Yost
Chief Financial Officer