

DANA HOLDING CORP
Form 10-K
February 24, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

Form 10-K

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

For the Fiscal Year Ended: December 31, 2010

Commission File Number: 1-1063

Dana Holding Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

26-1531856
(IRS Employer
Identification Number)

3939 Technology Drive, Maumee, OH
(Address of principal executive offices)

43537
(Zip Code)

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

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

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

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

None

(Title of Class)

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

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

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

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

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

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

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

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

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

DOCUMENTS INCORPORATED BY REFERENCE

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

TABLE OF CONTENTS

DANA HOLDING CORPORATION FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010
Table of Contents

| | 10-K Pages |
|---|---------------|
| PART I | |
| <u>Item 1</u> | <u>1</u> |
| <u>Business</u> | |
| <u>Item 1A</u> | <u>7</u> |
| <u>Risk Factors</u> | |
| <u>Item 1B</u> | <u>10</u> |
| <u>Unresolved Staff Comments</u> | |
| <u>Item 2</u> | <u>10</u> |
| <u>Properties</u> | |
| <u>Item 3</u> | <u>10</u> |
| <u>Legal Proceedings</u> | |
| <u>Item 4</u> | <u>10</u> |
| <u>[Reserved]</u> | |
| PART II | |
| <u>Item 5</u> | |
| <u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u> | <u>11</u> |
| <u>Item 6</u> | <u>13</u> |
| <u>Selected Financial Data</u> | |
| <u>Item 7</u> | <u>14</u> |
| <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | |
| <u>Item 7A</u> | <u>34</u> |
| <u>Quantitative and Qualitative Disclosures about Market Risk</u> | |
| <u>Item 8</u> | <u>37</u> |

| | |
|---|------------|
| <u>Financial Statements and Supplementary Data</u> | |
| <u>Item 9</u> | <u>109</u> |
| <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u> | |
| <u>Item 9A</u> | <u>109</u> |
| <u>Controls and Procedures</u> | |
| <u>Item 9B</u> | <u>109</u> |
| <u>Other Information</u> | |
| PART III | |
| <u>Item 10</u> | <u>110</u> |
| <u>Directors, Executive Officers and Corporate Governance</u> | |
| <u>Item 11</u> | <u>110</u> |
| <u>Executive Compensation</u> | |
| <u>Item 12</u> | <u>110</u> |
| <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u> | |
| <u>Item 13</u> | <u>111</u> |
| <u>Certain Relationships and Related Transactions, and Director Independence</u> | |
| <u>Item 14</u> | <u>111</u> |
| <u>Principal Accountant Fees and Services</u> | |
| PART IV | |
| <u>Item 15</u> | <u>112</u> |
| <u>Exhibits, Financial Statement Schedule</u> | |
| <u>Signatures</u> | <u>113</u> |
| <u>Exhibit Index</u> | <u>114</u> |
| Exhibits | |

TABLE OF CONTENTS

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, projects and similar expressions. These statements represent the present expectations of Dana Holding Corporation and its consolidated subsidiaries (Dana) based on our current information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Our plans, actions and actual results could differ materially from our present expectations due to a number of factors, including those discussed below and elsewhere in this annual report on Form 10-K and in our other filings with the Securities and Exchange Commission (SEC). All forward-looking statements speak only as of the date made and we undertake no obligation to publicly update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this report.

ii

TABLE OF CONTENTS

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

Item 1. Business

General

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

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

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

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

Overview of our Business

Markets

We serve three primary markets:

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

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

1

TABLE OF CONTENTS

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

Segments

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

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

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

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

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

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

TABLE OF CONTENTS

Acquisitions and Divestitures

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

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

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

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

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

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

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

TABLE OF CONTENTS

Geographic Operations

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

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

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

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

Customer Dependence

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

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

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

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

Sources and Availability of Raw Materials

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

However, some of our operations remain dependent on single sources for certain raw materials.

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

TABLE OF CONTENTS

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

Seasonality

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

Backlog

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

We estimate future revenues from new business on the projected volume under these programs.

Competition

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

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

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

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

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

Intellectual Property

Our proprietary axle, driveshaft and power technologies product lines have strong identities in the markets we serve.

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

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

TABLE OF CONTENTS

Engineering and Research and Development

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

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

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

Employment

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

Environmental Compliance

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

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

Available Information

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

Edgar Filing: DANA HOLDING CORP - Form 10-K

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

6

TABLE OF CONTENTS

Item 1A. Risk Factors

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

Risk Factors Related to the Markets We Serve

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

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

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

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

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

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

The loss of any of these customers, the loss of business with respect to one or more of their vehicle models on which we have a high component content, or a significant decline in the production levels of such vehicles would negatively impact our business, results of operations and financial condition. Pricing pressure from our customers also