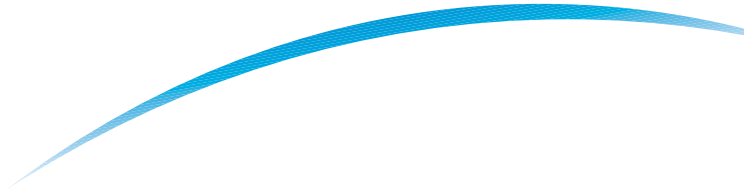


Our New Beginning



One of the industry's most experienced suppliers is also its newest.

Welcome to our new beginning. As we enter this new chapter in Dana's history, we carry forward a rich heritage and expertise amassed during more than a century of operation. At the same time, Dana Holding Corporation is a new company benefiting from fundamental improvements achieved during our recent reorganization. We are energized by new leadership, we are committed to elevated standards for product and financial performance, and we are honored to build upon the successful relationships we maintain with thousands of customers in more than 125 countries. As we embark on this new beginning, we are united in our motivation to return Dana to its position as a premier, global leader in our markets. We thank you for sharing in our journey.

Our New Beginning

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	02	Letter to Shareholders
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Financial Summary

<i>\$ in millions</i>	2007	2006
NET SALES		
Continuing operations	\$ 8,721	\$ 8,504
Discontinued operations	495	1,220
NET INCOME		
Loss from continuing operations	\$ (433)	\$ (618)
Loss from discontinued operations	(118)	(121)
Net loss	\$ (551)	\$ (739)
Reorganization items, net	\$ 275	\$ 143
Loss from continuing operations before interest, reorganization items, and income taxes	(7)	(313)
Total assets at year end	\$ 6,425	\$ 6,664
People at year end	35,000	45,000
Major facilities at year end	113	121

NOTE: Under U.S. generally accepted accounting principles (GAAP), the results of discontinued operations are segregated from operations that continue. This treatment is applied retroactively to all periods presented. The above presentation of net sales is intended to indicate to the reader the relative significance of the operations sold through the dates they were divested.

Dear Fellow Shareholder:



John M. Devine
Executive Chairman and
Acting Chief Executive Officer

Welcome to Dana's new beginning.

On January 31, we successfully emerged from nearly two years in Chapter 11 reorganization. Bankruptcy was a painful, disruptive experience for Dana and its stakeholders.

Fortunately, our reorganization was productive and relatively swift, thanks in large part to the combined

efforts of our employees and stakeholders. And we've achieved fundamental improvements that will enable us to compete vigorously, even amid the challenges our industry faces.

Today's Dana: 104 Years of Experience ... and Just Beginning

As we enter our 105th year, Dana is back. We are both humbled and stronger for our recent experiences. And while we carry forward the rich heritage and expertise from more than a century of operation, we are a new company – Dana Holding Corporation. The new Dana benefits from fundamental improvements achieved through reorganization, as well as our expectations and plans for stronger performance going forward.

Fundamental Improvements

During the 23-month reorganization, Dana and its stakeholders took steps to achieve approximately \$460 million in annual cost savings and revenue improvements. These savings result mainly from improvements in our manufacturing footprint, including consolidation of operations; renegotiation of customer contracts; lower labor and benefit costs; creation of Voluntary Employee Benefit Association (VEBA) trusts to assume ongoing obligations for retiree health and welfare costs; and further reductions in administrative expenses.

These improvements were made possible by the persistence and sacrifices of our people, as well as the longstanding, positive relationships with our many valued customers. Another key to our successful emergence was the innovative partnerships we forged with our labor unions, which were both creative and supportive during this process.

We've also benefited from the confidence and support of lead investor Centerbridge Capital Partners, L.P. Each of these groups has a major stake in our future and has embraced the need for meaningful change to achieve success.

Despite difficult credit market conditions, we obtained more than \$2 billion in exit financing through Citicorp USA, Lehman Brothers Inc., and Barclays Capital. The financing, which consists of a \$650 million asset-based revolving credit facility and a \$1,430 million term loan facility, was used to repay a debtor-in-possession credit facility, to make other payments required in conjunction with exiting bankruptcy, and to provide liquidity to fund new product programs and other investments.

The sum of these actions is a new company with a stronger balance sheet, more competitive operations, and an infusion of strong leadership that includes the new board of directors highlighted on page six of this report. In short, we have both the framework and realistic plans necessary to convert our opportunities into tangible success.

2007 Performance

Restructuring and reorganization were not our only accomplishments in 2007. We delivered enhanced performance, highlighted by the following:

- A \$188 million improvement in our net loss, from \$739 million in 2006 to \$551 million in 2007.
- A \$185 million improvement in our loss from continuing operations, from \$618 million in 2006 to \$433 million in 2007.
- A \$306 million improvement in our loss from continuing operations before interest, reorganization items, and income taxes, from \$313 million in 2006 to \$7 million in 2007.
- Net sales of \$8,721 million, compared to sales of \$8,504 million in 2006.

It is important to note that our 2007 results, while improved, reflect less than half of the \$460 million in annual cost savings and revenue improvement expected from the actions implemented as part of our reorganization.

For the year, we benefited from approximately \$200 million of these enhancements. We expect additional improvement in 2008, as many of the labor-related measures did not begin until emergence. Our results also include reorganization-related expenses totaling \$275 million in 2007 and \$143 million in 2006, which will be substantially reduced moving forward.

Among our additional achievements in 2007, we accomplished the following:

- Made the initial investment in our joint venture with China's Dongfeng Motor Co., Ltd. The company, Dongfeng Dana Axle, is expected to become the largest commercial vehicle axle producer in Asia.
- Completed the sales of our Engine Hard Parts and Fluid Products businesses in 2007 and, earlier this year, concluded the divestiture of our non-core Pump Products operations.
- Continued to win new business with a diverse range of customers. Approximately 80 percent of our book of net new business involves customers other than the traditional Detroit Big 3, and nearly 70 percent of these wins are with customers based outside the United States.

Our Immediate Focus

The improvements we have made over the past several years are significant. But we also understand that there is more to do. Our first order of business is to rebuild our team. With our new board now fully engaged, we are in the process of filling several key positions in our leadership team and elsewhere within our organization. As I write this letter, we are actively searching for a new chief executive officer and chief financial officer. In conducting these searches, I can assure you that we are aggressively pursuing talented, proven leaders who will help return Dana to its position as a premier, global leader in our markets.

A second key priority is to jump-start our operations. We plan to accomplish this task by building on the recent, positive changes in our manufacturing footprint and labor agreements; by driving consistent metrics, benchmarking, and execution across our enterprise; and by securing further cost reduction opportunities in manufacturing, the supply chain, and overhead.

In addition, we are evaluating each of our business lines to explore areas we should grow and ways we can improve our results beyond our operational improvements. Our approach is to get competitive, stay competitive, and drive our business hard.

As the next two pages of this report illustrate, Dana benefits from increasing geographic, customer, and market diversity. We want to take greater advantage of our broad operations and relationships moving forward. In particular, we plan to grow our presence in China, India, Eastern Europe, and other expanding markets. At the same time, we will continue to pursue new opportunities with the Detroit three – both in the U.S. and abroad.

Finally, from a financial standpoint, the new Dana benefits from its strong liquidity and balance sheet. Looking forward, we are focused on two key metrics – profitability and cash flow – which support our overall goal of driving value over time.

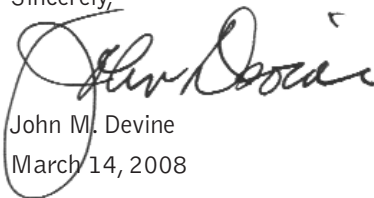
Delivering on Our Commitments

As we work to rejoin the industry's upper echelon, we must deliver on our commitments, in terms of both product and financial performance. Every company in our industry faces competitive obstacles. Shareholders don't pay for excuses or promises. They pay for focus and performance, and this is what we intend to deliver.

We know that we have something to prove, and performance will be the only meaningful measure of our success. As Dana embarks on its new beginning, we are energized and motivated to be a successful participant in our industry's future success.

On behalf of the entire Dana team, thanks for your continued support.

Sincerely,



John M. Devine
March 14, 2008

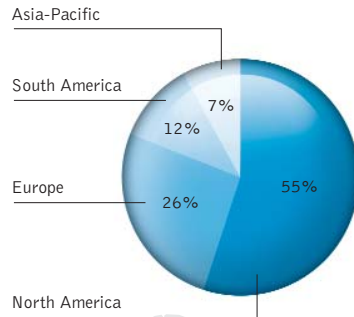
Diversified by Location, Customer & Market

Dana operates 113 major* facilities – and more than 150 total facilities – in 26 countries, supporting end customers in more than 125 countries.

This global presence demonstrates Dana’s exceptional ability to serve the needs of customers – whether they are around the corner or around the globe.

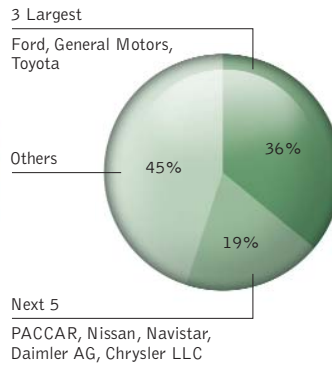
Diversified Globally

Growing our diverse customer base means growing globally. Today, 45 percent of Dana’s sales are derived from outside North America – and 54 percent from outside the United States.



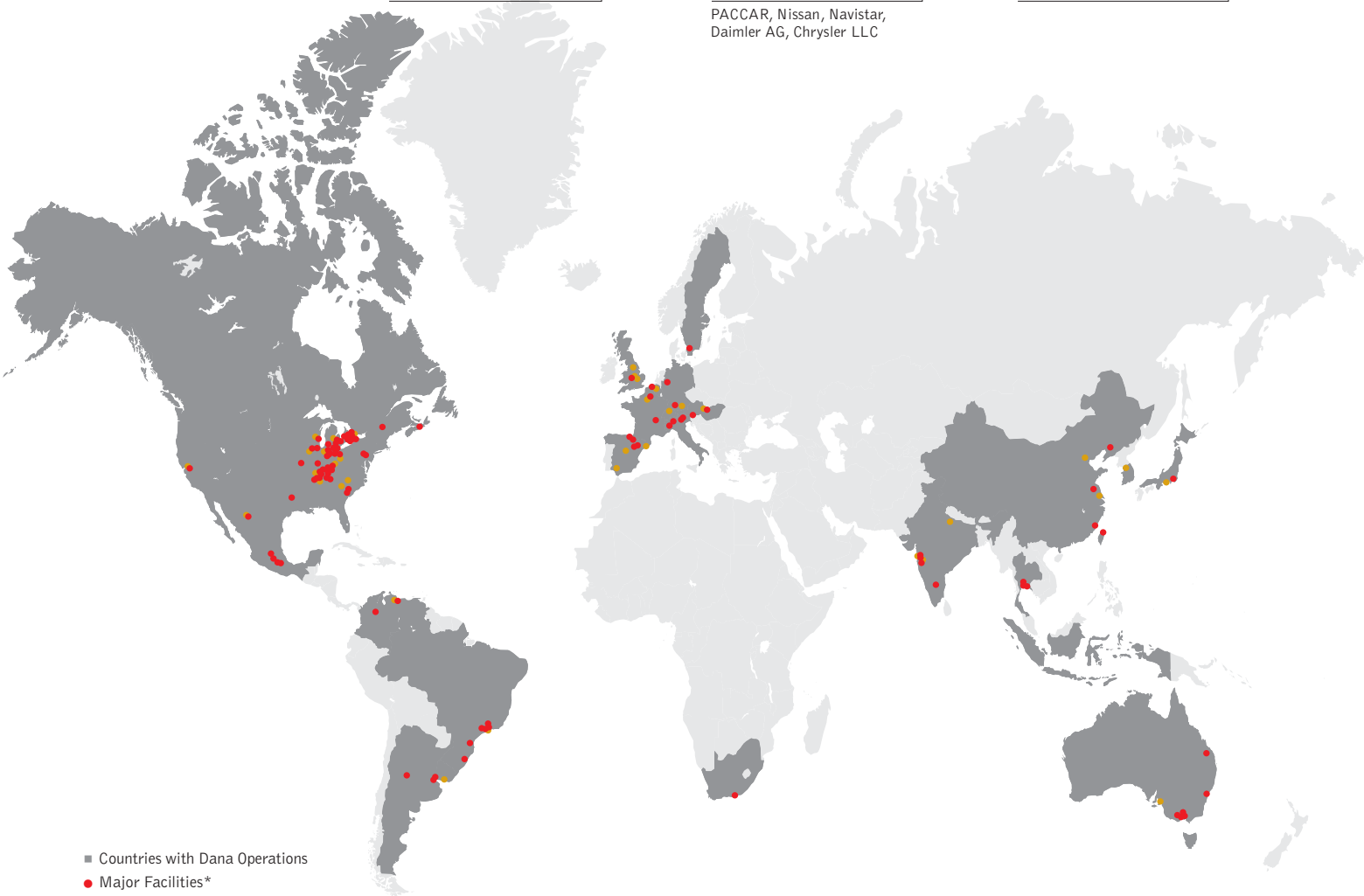
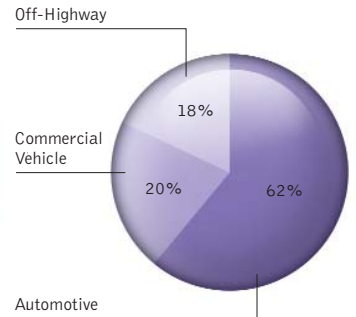
Diversified by Customer

Dana’s objective is to increase sales with all of our customers, while at the same time diversifying our revenue base. The Detroit Big 3 comprised approximately 33 percent of Dana’s 2007 sales.



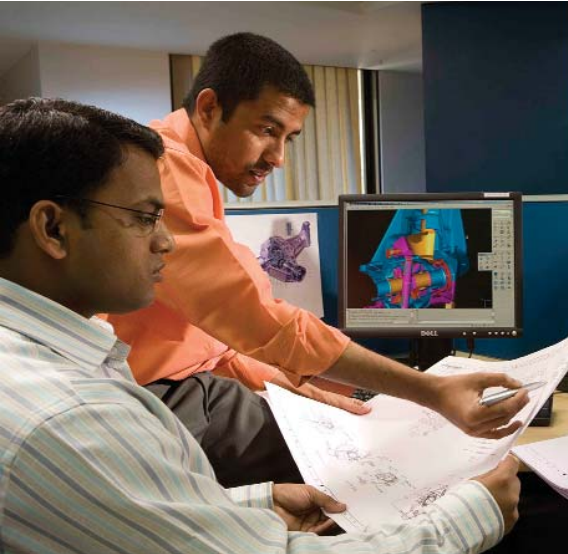
Diversified by Product Market

Dana people supply components to every major vehicle manufacturer in the global automotive, commercial vehicle, and off-highway markets, which collectively produce more than 70 million vehicles annually.



- Countries with Dana Operations
- Major Facilities*
- Other Facilities

*Dana defines "major" facilities as those employing 50 or more people



◀ Supporting customers' global needs not only requires manufacturing and assembly operations worldwide, but also dispersed design, engineering, and testing capabilities. From the Pune, India, technical center, Kishor Bharat (left) and Promod Rajan work closely with engineers in North America and Europe to develop new Spicer® drivetrain products for light- and heavy-duty vehicles.

◀ In McKenzie, Tennessee, USA, Randal Cowan produces Victor Reinz® gaskets for a wide array of customers, including Caterpillar, Chrysler, Cummins, Detroit Diesel, General Motors, Honda, Navistar, and Nissan. With a combined 23 facilities, Dana's sealing and thermal products businesses serve automotive, commercial vehicle, and off-highway customers around the world.



◀ Murilo Fontes helps assemble heavy-truck chassis for customers such as Iveco, Volvo Truck, and Ford in Osasco, São Paulo, Brazil. Other major customers in North America, where Dana is the leading provider of commercial drive- and steer-axes, include Daimler, Navistar, Nissan, and PACCAR. With manufacturing in Europe and a joint venture in China – Dongfeng Dana Axle Co., Ltd. – Dana is positioned to broaden its sales in the medium- and heavy-duty truck market.

◀ Jing Liu inspects paint quality of Spicer® driveshafts in Shenyang, Liaoning Province, China. Customers include Dongfeng Liuzhou Motor, FAW Daihatsu Jinlin Auto, Hebei Zhongxing Motor, Southeast Motor, and Zhangzhou Nissan. Automakers in Asia are supported by Dana's 16 major production facilities and a technical center there, as well as the company's extensive operations in the Americas and Europe.



◀ During its Chapter 11 reorganization, Dana assumed full ownership of five axle and driveshaft plants in Mexico. Shown here are Vicente Morales (left) and Gustavo Chaparro adjusting robot coordinates in a cell for heat treating gear sets in Querétaro, Mexico.

◀ Ferenc Széchenyi completes the final assembly steps on a Spicer® axle for a fork lift truck in Győr, Hungary. Manufacturing in countries such as China, India, Hungary, and Mexico has strengthened Dana's overall cost structure while supporting customers' growing needs in these markets. Dana's Off-Highway Products Group serves more than 1,000 vehicle assembly and manufacturing facilities in 30 countries for a wide array of customers, including Deere, Agco, and Manitou.

Dana Leadership

Board of Directors

Gary L. Convis [■]

Gary Convis, 65, retired in 2007 as the Chairman of Toyota Motor Manufacturing, Kentucky (TMMK), a position he held since 2006. Mr. Convis became President of TMMK in 2001. He also was Executive Vice President of Toyota Motor Engineering & Manufacturing North America, Inc., where he had served since 2003. Prior to serving in these roles, Mr. Convis spent 16 years at New United Motor Manufacturing, Inc., a joint venture between General Motors Corporation (GM) and Toyota. He also spent more than 20 years in various roles with GM and Ford Motor Company. Mr. Convis is a board member of Cooper-Standard Automotive Inc. and Compass Automotive Group, Inc.

John M. Devine

John Devine, 63, has been the Executive Chairman of Dana's board since January 2008 and Acting Chief Executive Officer since February 2008. Mr. Devine retired from GM in 2006. He was the Vice Chairman and Chief Financial Officer of GM from 2001 to 2006. Prior to joining GM, Mr. Devine served as Chairman and Chief Executive Officer of Fluid Ventures, LLC, an Internet start-up investment company. Previously, he spent 32 years at Ford Motor Company, where he last served as Executive Vice President and Chief Financial Officer. Mr. Devine is a board member of Amerigon Incorporated.

Mark T. Gallogly [■]

Mark Gallogly, 51, has been Managing Partner of Centerbridge Partners, L.P., a multi-strategy private investment firm, since 2005. Prior to co-founding Centerbridge, Mr. Gallogly served as a Senior Managing Director of The Blackstone Group, a private equity and investment management firm, from 1994 to 2005, heading the firm's Private Equity Group from 2003 to 2005.

Richard A. Gephardt [■]

Richard Gephardt, 67, is a senior counsel in the Government Affairs practice group at DLA Piper, a global legal services organization. Previously, Mr. Gephardt served as a Congressman in the U.S. House of Representatives for Missouri's Third Congressional District for 28 years. He served as United States House of Representatives majority leader from 1989 to 1994 and United States House of Representatives minority leader from 1995 to 2003. Since 2005, Mr. Gephardt has been Chief Executive Officer of Gephardt Group LLC. Mr. Gephardt is a board member of Iogen Corporation, a privately held corporation. He is also a board member of United States Steel Corporation; Spirit AeroSystems Holdings, Inc.; Centene Corporation; Allied Telesis Holdings K.K.; and Embarq Corporation.

Stephen J. Girsky ^{▲▲}

Stephen Girsky, 45, has been President of Centerbridge Industrial Partners, LLC, the industrial unit of Centerbridge Partners, L.P., a multi-strategy private investment firm, since 2006. Prior to joining Centerbridge, Mr. Girsky was the Special Adviser to the Chief Executive Officer and Chief Financial Officer of GM from 2005 to 2006. Prior to joining GM, Mr. Girsky was a managing director at Morgan Stanley and the senior analyst of the Morgan Stanley Global Automotive and Auto Parts Research Team.

Terrence J. Keating [■]

Terrence Keating, 58, has been Chairman of Accuride Corporation, a manufacturer and supplier of commercial vehicle components, since 2007 and served as a director of the company since 2002. Mr. Keating served as Chief Executive Officer of Accuride from 2002 to 2007, and President of the company from 2002 to 2006. Mr. Keating also serves as Vice Chairman and a director of the Heavy Duty Manufacturers Association. He is also a board member of A.M. Castle & Co.

Mark A. Schulz [▲]

Mark Schulz, 55, retired from Ford Motor Company in 2007, where he most recently served as President of International Operations. Mr. Schulz spent 32 years at Ford in a variety of global roles. He serves as a member of several boards, including the National Committee of United States-China Relations, the United States-China Business Council, and the National Bureau of Asian Research. He is also a member of the International Advisory Board for the President of the Republic of the Philippines. Mr. Schulz is a board member of YRC Worldwide Inc.

Jerome B. York ^{▲▲}

Jerry York, 69, has been Chief Executive Officer of Harwinton Capital LLC (formerly Harwinton Capital Corporation), a private investment company that he controls, since 2003. From 2000 to 2003, Mr. York was Chairman and Chief Executive Officer of MicroWarehouse, Inc., a reseller of computer hardware, software, and peripheral products. From 1995 to 1999, he was Vice Chairman of Tracinda Corporation, a private investment corporation. From 1993 to 1995, he was Senior Vice President and Chief Financial Officer of IBM Corporation, and he served as a member of IBM's board of directors in 1995. Mr. York is a director of Apple Inc. and Tyco International Ltd.

Board Committee Assignments

- Audit Committee
- ▲ Compensation Committee
- Nominating and Corporate Governance Committee

Executive Committee

John M. Devine

Executive Chairman and
Acting Chief Executive Officer

Gilberto Ceratti

President, Structural Products

Robert A. Fesenmyer

President, Global Business Development

Ralf Goettel

President, Sealing Products, Thermal Products,
and Dana Europe

Kenneth A. Hiltz

Chief Financial Officer

Margot L. Hoffman

President, Driveshaft Products

Marc S. Levin

Vice President, General Counsel, and Secretary

Robert H. Marciniak

Chief Administrative Officer

Paul E. Miller

Vice President, Purchasing

Nick L. Stange

President, Heavy Vehicle Products

Thomas R. Stone

President, Light Axle Products



Investor Relations

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Form 10-K

World Headquarters

Dana Holding Corporation

Mail:

P.O. Box 1000, Toledo, OH USA 43697

Courier:

4500 Dorr Street, Toledo, OH USA 43615

Phone: (419) 535-4500

Fax: (419) 535-4643

Annual Meeting Information

The company's next annual meeting of shareholders will be held in early 2009.

The time, date, and location of this meeting will be announced at a future date.

Independent Auditors

PricewaterhouseCoopers LLP

One SeaGate, Suite 1800

Toledo, OH USA 43604

Web Site

<http://www.dana.com>

Dana's Web site provides extensive information about the company, including:

- Access to Dana's SEC filings, including annual and quarterly reports
- An order form to obtain current financial and shareholder-related information
- Recent news releases
- Product, service, and market information
- A global operations overview
- Information about Dana's board and its committees
- Dana's governance documents

Stock Listing

The New York Stock Exchange is the principal market for Dana common stock.



Ticker Symbol: DAN

Shareholder Services

Transfer Agent and Registrar

Please contact Wells Fargo Shareowner Services directly with requests and inquiries regarding:

- Stock ownership
- Address/name changes
- Duplicate accounts
- Copies of tax forms

Wells Fargo Shareowner Services

Telephone:

(800) 401-1957

Mail:

Shareowner Services

P.O. Box 64874

St. Paul, MN USA 55164-0874

Courier:

Shareowner Services

161 North Concord Exchange

South St. Paul, MN USA 55075

Wells Fargo's stock transfer Web site:

<http://www.shareowneronline.com>

Investor Line

(800) 472-8810 (in Ohio)

(800) 537-8823 (elsewhere in the U.S. and in Canada)

Through this 24-hour phone service, a caller may leave his or her name with a message and the call will be returned by a Dana representative.

Investor Services

Requests for information may be addressed to:

Karen E. Crawford

Investor Relations

Dana Holding Corporation

P.O. Box 1000

Toledo, OH USA 43697

Key Products & Markets

Automotive

62% of 2007 Sales

For the automotive market, Dana designs and manufactures light axles, driveshafts, structural products, sealing products, thermal products, and related service parts for passenger cars and light trucks, including pick-up trucks, sport utility vehicles (SUVs), vans, and crossover utility vehicles (CUVs).



Commercial Vehicle

20% of 2007 Sales

For the commercial vehicle market, Dana sells, designs, and manufactures axles, driveshafts, chassis and suspension modules, 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.



Off-Highway

18% of 2007 Sales

For the off-highway market, Dana sells, designs, and manufactures 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, as well as a variety of non-vehicular, industrial applications.





www.dana.com