



Dana Holding Corporation
Supply Chain Management Group

Eric W. Schwarz
Chief Purchasing Officer

September 11, 2009

Dear Valued Supplier:

Over the last 18 months, continuing auto industry volume declines and North American OEM viability concerns have increased the pressure on Dana Holding to remain profitable. Dana's concern going forward is the viability and competitiveness of our current supply base. More specifically, the concern is that in today's environment; suppliers are either incorrectly pricing their products or bidding prices below their sustainable cost structure in order to win the business. Consequently, we intend to identify the suppliers in North America, Europe, South America and Asia Pacific that can best support Dana's cost competitiveness and technology requirements for the future and direct our business towards these suppliers. As a result, Dana Holding Corporation initiated a supply chain-wide Knowledge Based Cost Modeling initiative in January 2009 designed to get a better understanding of our supply base's cost structure, improve our buying efficiency, maintain a healthy and profitable supply base, and make us a better customer moving forward.

The objective of the Knowledge Based Cost Modeling initiative is to work with our suppliers to (a) identify the Best-In-Class suppliers on a regionally and globally basis (b) determine which suppliers are competitive and subsequently rationalize our supply base around these suppliers, (c) ensure that our suppliers are not below their costs, remain financially viable, and strengthen their competitive position by investing in technology and equipment for sustainability. Since our mutual success is dependent on your full participation, we invite you to review the Knowledge Based Sourcing presentation that is available on our external website: <http://supplier.dana.com>. This document will provide essential information about the initiative.

Over the next six months, we will outline key elements of Dana Holding Corporation's Knowledge Based Cost Modeling initiative namely, methodology/concept, scope, expectations on sharing your general ledger, timeline, next steps, which will be communicated through your primary purchasing contact. A necessary but value added output of this initiative is that we will provide you with a detailed supplier feedback report featuring quartile analysis rankings of how you perform against your peers and the Best-In-Class supplier in each cost element e.g. cycle time, scrap rate, etc. As we implement this philosophy into our organization, please recognize that we have an aggressive plan to rationalize our supply base over the next 12 months.

Phase I of this initiative was formally kicked off on August 26, 2009 with Forgings and Stampings in North America. Future cost modeling phases will be communicated to the supply base as they are defined and rolled out via <http://supplier.dana.com>.

If you have any questions, please contact cost.engineering@dana.com

Thank you for your support in advance.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Schwarz", written over a white background.

Eric Schwarz
Chief Purchasing Officer