



Dana Corporation Files Plan of Reorganization

August 31, 2007

Plan Positions Dana to Emerge From Chapter 11 with Strong Balance Sheet

TOLEDO, Ohio, Aug 31, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Dana Corporation (OTC Bulletin Board: DCNAQ) announced today that the company and its debtor subsidiaries have submitted a proposed Plan of Reorganization and related Disclosure Statement to the United States Bankruptcy Court for the Southern District of New York.

The Plan of Reorganization outlines how Dana proposes to emerge from Chapter 11, including the proposed treatment of creditors and equity holders. The Plan contemplates an investment of up to \$750 million in new convertible preferred stock in the reorganized Dana. The Disclosure Statement contains a discussion of the issues that led to the Chapter 11 filing, a description of the Plan provisions, and an analysis of the Plan's feasibility. With this filing, Dana is one step closer to achieving its goal of emerging from Chapter 11 protection by the end of this year.

Dana Chairman and Chief Executive Officer Mike Burns said, "When we entered Chapter 11 in March 2006, we committed to fixing our business comprehensively -- financially and operationally -- and to implementing fundamental change, not simply incremental improvement. As detailed in our Disclosure Statement, Dana has made substantial progress in addressing our challenges and building a sustainable business that is well positioned to compete in a challenging global environment. We are on track to emerge as a stronger, financially stable company that is equipped to make significant investments in our programs and to continue providing innovative products of the highest quality to our customers worldwide.

"This has been a very difficult period for all of our constituencies, including our people -- both current and retired -- and our customers and suppliers," he said. "I'd like to thank them for their perseverance to date, which has enabled us to negotiate and begin to implement critical, enduring solutions to our most serious challenges. We look forward to continued productive working relationships as we move through the plan negotiation and approval process."

In November 2006, Dana outlined five goals that it would address during its reorganization, identifying the key areas where it hoped to achieve a total of \$405 million to \$540 million in combined annual cost and margin improvement.

As outlined in the Disclosure Statement, Dana has worked to achieve product profitability by:

- Working with customers to resolve under-performing programs, including obtaining pricing adjustments to reflect rising material costs;
- Optimizing its manufacturing footprint by consolidating high-cost facilities and expanding its presence in lower cost regions;
- Reducing labor costs, including through changes in employee benefits;
- Significantly reducing retiree health and welfare costs through Voluntary Employee Benefit Association (VEBA) trusts to provide replacement benefits; and
- Reviewing administrative costs at all levels of its organization to identify and implement savings.

In total, since entering bankruptcy on March 3, 2006, Dana and its constituents have identified, agreed upon, and won court approval for actions that are expected to result in a total of between approximately \$440 million and \$475 million in annual savings when fully implemented.

Dana has also completed several strategic initiatives to realign and focus its business. These include the sale of its trailer axle business; divestiture of its Engine Products group; the sale of its interest in GETRAG GmbH & Cie KG, a German automotive components supplier; the divestiture of its Fluid Products Hose and Tubing business; and the pending sale of its Fluid Products Coupled Products business. Strategic initiatives undertaken include the acquisition in 2006 of sole ownership of certain operations in Mexico that are integral to the company's long-term business plans, making the initial investment in a joint venture with China's Dongfeng Motor Co. Ltd., resolving the company's U.K. pension liability issues, and entering into a \$225 million European financing agreement. In addition, the company negotiated a settlement and new supply contract with Sypris Technologies, Inc.

Next Steps In Reorganization Process

In the near future, the Court will conduct a hearing to consider whether the Disclosure Statement, as filed or as it may be amended, contains adequate information for creditors and equity holders who are entitled to vote on the Plan to decide whether to accept the Plan. As part of this process, the Plan and Disclosure Statement may be materially modified before the Disclosure Statement is approved. Once approved, the Disclosure Statement and Plan will be sent to claim holders and equity holders who are entitled to vote on the Plan. Following the voting period, the Bankruptcy Court will hold a hearing to consider confirmation of the Plan. Confirmation of the Plan would pave the way for Dana's emergence from Chapter 11.

Dana's Plan and Disclosure Statement are available at <http://dana.bmcgroup.com>.

About Dana 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. The company's customer base includes virtually every major vehicle and engine manufacturer in the global automotive, commercial vehicle, and off-highway markets, which collectively produce more than 65 million vehicles annually. Based in Toledo, Ohio, the company's continuing operations

employ approximately 40,000 people in 28 countries and reported 2006 sales of \$8.5 billion, with more than half of this revenue derived from outside the United States. For more information, please visit: www.dana.com.

Forward-Looking Statements

Certain statements and projections contained in the Plan of Reorganization and/or the Disclosure Statement (and their exhibits) are, by their nature, forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements and projections are subject to uncertainties relating to the debtors' operations and business environment and a number of other risks, uncertainties and assumptions (including, but not limited to, those discussed in Section XIV of the Disclosure Statement, "Certain Risk Factors to be Considered") which are difficult to predict and which are, in many cases, beyond the debtors' control. In light of these risks and uncertainties, the events and circumstances described in the forward-looking statements and projections in the Plan and/or the Disclosure Statement may not occur and the debtors' actual financial results could differ materially from those expressed or implied in such forward-looking statements and projections. Dana does not undertake to publicly update or revise any forward-looking statements or projections contained in the Plan and/or the Disclosure Statement, whether as a result of new information, future events, or otherwise.

The Plan of Reorganization and the Disclosure Statement are preliminary only and subject to material modifications, including, as a result of the Court-approved Alternative Proposal Procedures, the potential for the acceptance of an alternative investment proposal. There is no assurance as to what claims or interests will be satisfied, and in what manner, under the debtors' plan of reorganization as ultimately confirmed by the Bankruptcy Court. Investors should exercise appropriate caution with respect to existing and future investments in any of the debtors' liabilities and/or securities and should not rely on the current Plan and Disclosure Statement in making any investment decision.

SOURCE

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