UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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: March 31, 2007

Commission File Number: 1-1063

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

Virginia	34-4361040
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
4500 Dorr Street, Toledo, Ohio	43615
(Address of principal executive offices)	(Zip Code)

(419) 535-4500
(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)
Large accelerated filer o Accelerated filer ☑ Non-accelerated filer 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 ☑

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 April 30, 2007
Common stock, $1 par value	150,202,981

DANA CORPORATION — FORM 10-Q
FOR THE QUARTERLY PERIOD
ENDED MARCH 31, 2007

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FORWARD-LOOKING INFORMATION

Statements in this report that are not entirely historical constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forwarding-looking statements are indicated by words such as "anticipates," "expects," "believes," "intends," "plans," "estimates" and "projects" and similar expressions. These statements represent the present expectations of Dana Corporation (Dana, we or us) 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 elsewhere in this report, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (our 2006 Form 10-K) and in our other filings with the Securities and Exchange Commission (SEC), and the following:

Bankruptcy-Related Risk Factors

- Our ability to continue as a going concern, operate pursuant to the terms of our debtor-in-possession credit facility, obtain court approval with respect to motions in our bankruptcy proceedings and develop and implement a plan of reorganization;
- Our ability to fund and execute our business plan;
- Our ability to come to and maintain satisfactory terms with our customers, vendors and service providers and to maintain contracts that are critical to our operations;
- Our ability to attract, motivate and/or retain key employees; and
- Our ability to successfully implement the reorganization initiatives discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report.

Risk Factors in the Vehicle Markets We Serve

- High fuel prices and interest rates;
- The cyclical nature of the heavy-duty commercial vehicle market;
- Shifting consumer preferences in the United States (U.S.) from pickup trucks and sport utility vehicles (SUVs) to cross-over vehicles (CUVs) and passenger cars;
- Market share declines, production cutbacks and potential vertical integration by our larger customers, including Ford Motor Company (Ford), General Motors Corporation (GM) and DaimlerChrysler AG (Chrysler);
- High costs of commodities used in our manufacturing processes, such as steel, other raw materials and energy, particularly costs that cannot be recovered from our customers;
- Competitive pressures on our sales from other vehicle component suppliers; and

- Adverse effects that could result from any divestitures, consolidations or bankruptcies of our customers, vendors and competitors.

Company-Specific Risk Factors

- Changes in business relationships with our major customers and/or in the timing, size and duration of their programs for vehicles with Dana content;
- Price reduction pressures from our customers;
- Our vendors' ability to maintain projected production levels and furnish us with critical components for our products and other necessary goods and services;
- Our ability to successfully complete the previously announced divestiture of our fluid products business;
- Our ability to renegotiate expiring collective bargaining agreements with U.S. and Canadian unionized employees on satisfactory terms or to reject the U.S. agreements in the bankruptcy proceedings;
- Adverse effects that could result if U.S. federal legislation relating to asbestos personal injury claims were enacted; and
- Adverse effects that could result from increased costs of environmental compliance.

PART I – FINANCIAL INFORMATION
(In millions, except per share amounts)

ITEM 1. FINANCIAL STATEMENTS

DANA CORPORATION
(DEBTOR IN POSSESSION)

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Net sales	$ 2,145	$ 2,197
Costs and expenses		
Cost of sales	2,043	2,092
Selling, general and administrative expenses	96	119
Realignment charges, net	19	1
Impairment of other assets		14
Other income, net	46	31
Income from continuing operations before interest, reorganization items and income taxes	33	2
Interest expense (contractual interest of $50 and $47 for 2007 and 2006)	23	39
Reorganization items, net	37	55
Loss from continuing operations before income taxes	(27)	(92)
Income tax expense	(15)	(22)
Minority interests	(2)	(1)
Equity in earnings of affiliates	8	10
Loss from continuing operations	(36)	(105)
Loss from discontinued operations	(56)	(21)
Net loss	$ (92)	$ (126)
Basic loss per common share		
Loss from continuing operations	$ (0.24)	$ (0.70)
Loss from discontinued operations	(0.37)	(0.14)
Net loss	$ (0.61)	$ (0.84)
Diluted loss per common share		
Loss from continuing operations	$ (0.24)	$ (0.70)
Loss from discontinued operations	(0.37)	(0.14)
Net loss	$ (0.61)	$ (0.84)
Average shares outstanding — Basic	150	150
Average shares outstanding — Diluted	150	150

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

DANA CORPORATION
(DEBTOR IN POSSESSION)

CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

	March 31, 2007	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	$ 1,250	$ 719
Accounts receivable		
Trade, less allowance for doubtful accounts of $23 in 2007 and 2006	1,334	1,131
Other	268	235
Inventories	729	725
Assets of discontinued operations	206	392
Other current assets	144	122
Total current assets	3,931	3,324
Investments and other assets	1,061	1,079
Investments in equity affiliates	233	555
Property, plant and equipment, net	1,746	1,776
Total assets	$ 6,971	$ 6,734
Liabilities and shareholders' deficit		
Current liabilities		
Notes payable, including current portion of long-term debt	$ 361	$ 293
Debtor-in-possession financing	900	
Accounts payable	1,051	886
Liabilities of discontinued operations	144	195
Other accrued liabilities	752	712
Total current liabilities	3,208	2,086
Liabilities subject to compromise	4,015	4,175
Deferred employee benefits and other non-current liabilities	511	504
Long-term debt	21	22
Debtor-in-possession financing		700
Commitments and contingencies (Note 14)		
Minority interest in consolidated subsidiaries	77	81
Total liabilities	7,832	7,568
Shareholders' deficit	(861)	(834)
Total liabilities and shareholders' deficit	$ 6,971	$ 6,734

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

DANA CORPORATION
(DEBTOR IN POSSESSION)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

	Three Months Ended March 31,	
	2007	2006
Operating activities		
Net loss	$ (92)	$ (126)
Depreciation and amortization	70	67
Impairment and divestiture-related charges	1	43
Loss on sale of businesses	14	
Reorganization items, net of payments	27	27
Changes in working capital	(52)	(44)
Other	15	48
Net cash flows provided by (used for) operating activities	(17)	15
Investing activities		
Purchases of property, plant and equipment	(39)	(94)
Proceeds from sale of businesses	303	26
Proceeds from sale of DCC assets	25	
Other	(15)	22
Net cash flows provided by (used for) investing activities	274	(46)
Financing activities		
Net change in short-term debt	(2)	(565)
Proceeds from debtor-in-possession facility	200	700
Proceeds from U.K. bank loan	67	
Issuance of long-term debt		5
Payments of long-term debt		(4)
Net cash flows provided by financing activities	265	136
Net increase in cash and cash equivalents	522	105
Cash and cash equivalents — beginning of period	719	762
Effect of exchange rate changes on cash balances held in foreign currencies	17	3
Net change in cash of discontinued operations	(8)	(5)
Cash and cash equivalents — end of period	$ 1,250	$ 865

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

DANA CORPORATION
(DEBTOR IN POSSESSION)

INDEX TO NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notes to Condensed Consolidated Financial Statements
(Dollars and shares in millions, except per share amounts)

Note 1. Basis of Presentation

In management's opinion, the accompanying financial statements include all normal recurring adjustments necessary for a fair presentation of Dana's financial condition, results of operations and cash flows for the interim periods presented. Interim results are not necessarily indicative of full-year results.

The financial statements in this report should be read in conjunction with the audited consolidated financial statements and accompanying notes included in our 2006 Form 10-K.

Accounting Requirements

As discussed in Note 2, Dana Corporation and forty of its wholly-owned subsidiaries (collectively, the Debtors) are reorganizing under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code). American Institute of Certified Public Accountants Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" (SOP 90-7), which is applicable to companies operating under Chapter 11, generally does not change the manner in which financial statements are prepared. However, SOP 90-7 does require that 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 from the ongoing operations of the business.

We adopted SOP 90-7 effective March 3, 2006 (the Filing Date) and prepare our financial statements in accordance with its requirements. Revenues, expenses, realized gains and losses and provisions for losses that can be directly associated with the reorganization and restructuring of our business are reported separately as reorganization items in our statement of operations. Our balance sheet distinguishes pre-petition liabilities subject to compromise both from those pre-petition liabilities that are not subject to compromise and from post-petition liabilities. Liabilities that may be affected by the Debtors' plan of reorganization are reported at the amounts expected to be allowed by the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court), although they may be settled for lesser amounts. See Note 3 for further information about our financial statement presentation under SOP 90-7.

Recent Accounting Pronouncements

In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115" (SFAS No. 115). SFAS No. 159 permits an entity to choose to measure many financial instruments and certain other items at fair value. Most of the provisions in SFAS No. 159 are elective; however, the amendment to SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," applies to all entities with available-for-sale and trading securities. The fair value option established by SFAS No. 159 permits companies to choose to measure eligible items at fair value at specified election dates. A business entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is required to be adopted January 1, 2008, and we are evaluating the effect, if any, that adoption will have on our financial statements in 2008.

In September 2006, the FASB Emerging Issues Task Force (EITF) promulgated Issue No. 06-4, “Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements.” (EITF No. 06-4). EITF No. 06-4 requires a company that provides a benefit to an employee under an endorsement split-dollar life insurance arrangement that extends to postretirement periods to recognize a liability and related compensation costs. We will adopt EITF No. 06-4 in the first quarter of 2008 and are evaluating the effect, if any, that adoption will have on our financial statements in 2008.

In September 2006, the EITF promulgated Issue No. 06-5, “Accounting for Purchases of Life Insurance — Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4, *Accounting for Purchases of Life Insurance.*” (EITF No. 06-5) EITF No. 06-5 clarifies whether policyholders of corporate owned life insurance should consider additional amounts from the policy other than the cash surrender value in determining the amount that could be realized under the insurance contract, or whether a policyholder should consider the contractual ability to surrender all individual life policies at the same time in determining the amount that could be realized under the insurance contract. We adopted EITF No. 06-5 in the first quarter of 2007. There was no material impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurement” (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the U.S. (GAAP or U.S. GAAP) and expands disclosures about fair value measurements. We will adopt SFAS No. 157 as of January 1, 2008 and we are evaluating the effect, if any, that adoption will have on our financial statements for 2008 and subsequent periods.

In July 2006, the FASB issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109” (FIN 48). FIN 48 prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. We adopted FIN 48 on January 1, 2007. See Note 16 for additional information.

Note 2. Reorganization Under Chapter 11 of the Bankruptcy Code

The Bankruptcy Cases

The Debtors are operating under Chapter 11 of the Bankruptcy Code. The Debtors’ Chapter 11 cases (collectively, the Bankruptcy Cases) have been consolidated in the Bankruptcy Court under the caption *In re Dana Corporation, et al*, Case No. 06-10354 (BRL). Neither Dana Credit Corporation (DCC) and its subsidiaries nor any of our non-U.S. affiliates are Debtors.

During the bankruptcy proceedings, investments in Dana securities are highly speculative. Although shares of our common stock are trading on the OTC Bulletin Board under the symbol “DCNAQ,” the opportunity for any recovery by shareholders under our eventual plan of reorganization is uncertain and the shares may be cancelled without any compensation pursuant to such plan.

The Bankruptcy Cases are being jointly administered, with the Debtors managing their businesses as debtors in possession subject to the supervision of the Bankruptcy Court. We are continuing normal business operations while we evaluate our business financially and operationally. We are proceeding with previously announced divestiture and realignment plans and taking steps to reduce costs, increase efficiency and enhance productivity so that we can emerge from bankruptcy as a stronger, more viable company.

Official committees of the Debtors' unsecured creditors (the Creditors Committee) and retirees not represented by unions (the Retiree Committee) have been appointed in the Bankruptcy Cases. The Debtors bear certain of the committees' costs and expenses, including those of their counsel and other professional advisors. An official committee of Dana's equity security holders was also appointed, but it was later disbanded.

The Debtors have filed schedules of their assets and liabilities existing on the Filing Date, including certain amendments to the initial schedules, with the Bankruptcy Court.

Under the Bankruptcy Code, the Debtors' have the right to assume or reject executory contracts (*i.e.*, contracts that are to be performed by the parties after the Filing Date) and unexpired leases, subject to Bankruptcy Court approval and other limitations. The Bankruptcy Court has approved the Debtors' rejection of certain executory contracts and unexpired leases.

The Bankruptcy Court has also entered an order establishing procedures for trading in claims and equity securities that is designed to protect the Debtors' potentially valuable tax attributes (such as net operating loss carryforwards). Under the order, holders or acquirers of 4.75% or more of Dana's common stock are subject to certain notice and consent procedures before acquiring or disposing of the shares. Holders of claims against the Debtors that would entitle them to more than 4.75% of the common shares of reorganized Dana under a confirmed plan of reorganization utilizing the tax benefits provided under Section 382(l)(5) of the Internal Revenue Code may be required to sell down the excess claims if necessary to implement such a plan of reorganization.

Pre-petition Claims

Most persons and entities asserting pre-petition claims (other than asbestos-related personal injury and wrongful death claims) against the Debtors were required to file proofs of claim in the Bankruptcy Cases by September 21, 2006. Proofs of claim alleging rights to payment for financing, trade debt, employee obligations, environmental matters, litigation, tax liabilities and other matters in a total amount of approximately $26,100 were filed by that date. Of the claims filed, the Debtors have so far identified claims totaling approximately $20,900 that they believe should be disallowed, primarily because they appear to be amended, duplicative, withdrawn by the creditor, without basis for claim, or solely equity-based. Of these, claims totaling approximately $260 have been disallowed by the Bankruptcy Court through April 2007. The Debtors are continuing to evaluate the remaining filed claims and expect to file additional claim objections with the Bankruptcy Court.

The Debtors have also identified approximately 1,100 asbestos-related personal injury and wrongful death claims (totaling approximately $140) that are expected to be addressed in the future in connection with our plan of reorganization.

Pre-petition Debt

Our bankruptcy filing triggered the immediate acceleration of certain direct financial obligations of the Debtors, including, among others, an aggregate of $1,623 in principal and accrued interest on currently outstanding non-secured notes issued under the 1997, 2001, 2002 and 2004 indentures. Such amounts are characterized as unsecured debt for purposes of the reorganization proceedings and the related obligations are classified as liabilities subject to compromise in our consolidated balance sheet as of March 31, 2007. In accordance with SOP 90-7, following the Filing Date, we discontinued recording interest expense on debt classified as liabilities subject to compromise.

Reorganization Initiatives

It is critical to the Debtors' successful emergence from bankruptcy that they (i) achieve positive margins for their products by obtaining substantial price increases from their customers, (ii) recover or otherwise provide for increased material costs through renegotiation or rejection of various customer programs, (iii) restructure their wage and benefit programs to create an appropriate labor and benefit cost structure, (iv) address the excessive cash requirements of the legacy postretirement benefit liabilities that they have accumulated over the years, (v) optimize their manufacturing footprint by eliminating excess capacity, closing and consolidating facilities and repositioning operations in lower cost countries and (vi) achieve a permanent reduction and realignment of their overhead costs. The steps that the Debtors are taking to accomplish these goals are discussed in Item 2 of Part I.

Plan of Reorganization

Until September 3, 2007, the Debtors have the exclusive right to file a plan of reorganization in the Bankruptcy Cases. We anticipate that substantially all of the Debtors' liabilities as of the Filing Date will be addressed and treated in accordance with such plan, which will be voted on by the creditors in accordance with the provisions of the Bankruptcy Code. Although the Debtors intend to file and seek confirmation of such a plan by that date, there can be no assurance that they will be able to do so or that any plan that is filed will be confirmed by the Bankruptcy Court and consummated. The Debtors' plan of reorganization could materially change the amounts and classification of items reported in our historical financial statements.

Continuation as a Going Concern

Our financial statements have been prepared on a going-concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. As a result of our bankruptcy filing, such realization of assets and liquidation of liabilities is uncertain. While operating as debtors in possession under the protection of Chapter 11, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those recorded in our financial statements, subject to Bankruptcy Court approval or as otherwise permitted in the ordinary course of business. Our financial statements as of March 31, 2007 do not give effect to all the adjustments to the carrying value of assets and liabilities that may become necessary as a consequence of our reorganization.

Our continuation as a going concern is contingent upon our ability to (i) comply with the terms and conditions of a Senior Secured Superpriority Debtor-In-Possession Credit Agreement to which Dana, as borrower, and our Debtor U.S. subsidiaries, as guarantors, are parties (the DIP Credit Agreement) (see Note 13), (ii) obtain confirmation of a plan of reorganization under the Bankruptcy Code, (iii) generate sufficient cash flow from operations, and (iv) obtain financing sources to meet our future obligations. Although we are taking steps to achieve these objectives, there is no assurance that we will be successful in doing so or that any measures that are achievable will result in sufficient improvement to our financial position. Accordingly, until such time as we emerge from bankruptcy, there is uncertainty about our ability to continue as a going concern. If our reorganization is not completed successfully, we could be forced to sell a significant portion of our assets to retire debt outstanding or, under certain circumstances, to cease operations.

DCC Notes

At the time of our bankruptcy filing, DCC had outstanding notes totaling approximately $399. In December 2006, DCC and most of its noteholders executed a Forbearance Agreement under which (i) the forbearing noteholders agreed not to exercise their rights or remedies with respect to the DCC notes for a period of 24 months (or until the effective date of Dana's plan of reorganization), during which time DCC is endeavoring to sell its remaining asset portfolio in an orderly manner and will use the proceeds to pay down the notes and (ii) DCC agreed to pay the forbearing noteholders their pro rata share of any excess cash it maintains in the U.S. greater than $7.5 on a quarterly basis. At March 31, 2007 the amount of principal outstanding under these DCC notes was $266. In April 2007, DCC made a $44 payment to the forbearing noteholders, consisting of $38 of principal and $6 of interest.

Contemporaneously with the execution of the Forbearance Agreement, Dana Corporation and DCC executed a Settlement Agreement whereby the parties agreed to a stipulated amount owed by Dana Corporation to DCC of $325 and to the discontinuance of a tax sharing agreement between the two parties.

Liabilities Subject to Compromise

Liabilities subject to compromise in the consolidated balance sheet include those of the discontinued operations and consisted of the following:

	March 31, 2007	December 31, 2006
Accounts payable	$ 290	$ 290
Pension and other postretirement obligations	1,537	1,687
Debt (including accrued interest of $38)	1,623	1,623
Other	565	575
Consolidated liabilities subject to compromise	4,015	4,175
Payables to non-Debtor subsidiaries	401	402
Debtor liabilities subject to compromise	$ 4,416	$ 4,577

Other includes accrued liabilities for environmental, asbestos and other product liabilities, income tax, deferred compensation, other postemployment benefits and lease rejection claims. Payables to non-Debtor subsidiaries include $325 payable to DCC under the Settlement Agreement referred to above.

See Note 10 for a discussion of the reduction in pension and postretirement obligations.

Debtors' pre-petition debt of $1,623 is included in liabilities subject to compromise. As of the Filing Date, we discontinued recording interest expense on debt classified as liabilities subject to compromise. Contractual interest on all debt, including the portion classified as liabilities subject to compromise, amounted to $50 and $47 at March 31, 2007 and 2006.

As required by SOP 90-7, the amount of liabilities subject to compromise represents our estimate of known or potential pre-petition claims to be addressed in connection with the Bankruptcy Cases. Such claims are subject to future adjustments that may result from, among other things, negotiations with creditors, rejection of executory contracts and unexpired leases, and orders of the Bankruptcy Court. Liabilities subject to compromise may change due to reclassifications, settlements or reorganization activities that give rise to claims or increases in existing claims.

Reorganization Items

Professional advisory fees and other costs directly associated with our reorganization are reported separately as reorganization items pursuant to SOP 90-7. Reorganization items also 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 of certain actions within the non-Debtor companies that have occurred as a result of the Debtors' bankruptcy proceedings.

The reorganization items in the consolidated statement of operations for the three months ended March 31, 2007 and 2006 consisted of the following items:

	Three Months Ended March 31,	
	2007	2006
Debtor reorganization items		
Professional fees	$ 34	$ 37
Debt valuation adjustments		17
Loss on settlements	1	1
Interest income	(3)	
Debtor reorganization items	32	55
Non-Debtor reorganization items		
Professional fees	5	
Total reorganization items	$ 37	$ 55

Non-debtor costs during the first quarter of 2007 related principally to the restructuring of our pension obligations in the United Kingdom (U.K.) (see Note 6) and other organizational restructuring to facilitate future repatriations, financings and other actions.

Note 3. Debtor Financial Statements

Debtor In Possession Financial Information

In accordance with SOP 90-7, the statement of operations and statement of cash flows of the Debtors are presented below for the three months ended March 31, 2007 and 2006, along with the balance sheet as of March 31, 2007 and December 31, 2006. Intercompany balances among Debtors and non-Debtors are not eliminated. The investment in non-Debtor subsidiaries is accounted for on an equity basis and, accordingly, the net loss reported in the debtor in possession statement of operations is equal to the consolidated net loss.

DANA CORPORATION
DEBTOR IN POSSESSION
STATEMENT OF OPERATIONS (Unaudited)

	Three Months Ended March 31,	
	2007	2006
Net sales		
Customers	$ 1,023	$ 1,108
Non-debtor subsidiaries	59	61
Total	1,082	1,169
Costs and expenses		
Cost of sales	1,093	1,190
Selling, general and administrative expenses	61	81
Realignment and impairment	4	
Other income, net	64	40
Loss from continuing operations before interest, reorganization items and income taxes	(12)	(62)
Interest expense (contractual interest of $44 and $39 for 2007 and 2006)	17	31
Reorganization items, net	32	55
Loss from continuing operations before income taxes	(61)	(148)
Income tax expense	(4)	(1)
Minority interest	2	
Equity in earnings of affiliates	4	(3)
Loss from continuing operations	(59)	(152)
Loss from discontinued operations	(52)	(29)
Equity in earnings of non-Debtor subsidiaries	19	55
Net loss	$ (92)	$ (126)

DANA CORPORATION
DEBTOR IN POSSESSION
BALANCE SHEET (Unaudited)

	March 31, 2007	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	$ 407	$ 216
Accounts receivable		
Trade, less allowance for doubtful accounts of $23 in 2007 and 2006	544	460
Other	85	71
Inventories	226	243
Assets of discontinued operations	112	237
Other current assets	29	15
Total current assets	1,403	1,242
Investments and other assets	882	875
Investments in equity affiliates	114	110
Investments in non-debtor subsidiaries	2,121	2,193
Property, plant and equipment, net	762	788
Total assets	$ 5,282	$ 5,208
Liabilities and shareholders’ deficit		
Current liabilities		
Debtor-in-possession financing	$ 900	$ —
Accounts payable	357	294
Liabilities of discontinued operations	40	50
Other accrued liabilities	348	343
Total current liabilities	1,645	687
Liabilities subject to compromise	4,416	4,577
Deferred employee benefits and other non-current liabilities	82	76
Debtor-in-possession financing		700
Commitments and contingencies (Note 14)		
Minority interest in consolidated subsidiaries		2
Total liabilities	6,143	6,042
Shareholders’ deficit	(861)	(834)
Total liabilities and shareholders’ deficit	$ 5,282	$ 5,208

DANA CORPORATION
DEBTOR IN POSSESSION
STATEMENT OF CASH FLOWS (Unaudited)

	Three Months Ended March 31,	
	2007	2006
Operating activities		
Net loss	$ (92)	$ (126)
Depreciation and amortization	35	39
Loss on sale of businesses	25	25
Reorganization charges, net	27	27
Equity in earnings of non-Debtor subsidiaries, net of dividends	1	(55)
Change in working capital	(44)	(177)
Other	26	57
Net cash flows used for operating activities	(22)	(210)
Investing activities		
Purchases of property, plant and equipment	(18)	(62)
Proceeds from sale of businesses	40	
Other	(9)	52
Net cash flows provided by (used for) investing activities	13	(10)
Financing activities		
Proceeds from debtor-in-possession facility	200	700
Net change in short-term debt		(377)
Net cash flows provided by financing activities	200	323
Net increase in cash and cash equivalents	191	103
Cash and cash equivalents — beginning of period	216	286
Cash and cash equivalents — end of period	$ 407	$ 389

Note 4. Asset Disposals, Impairments and Divestitures

DCC Asset Disposals and Impairments

The carrying value of remaining DCC portfolio assets was $152 at March 31, 2007. Where applicable these assets are adjusted quarterly to estimated fair value less cost to sell. At March 31, 2007, we determined that no adjustments to carrying value were required.

Certain DCC assets with a net book value of $89 are equity investments. The assets underlying these equity investments have not been impaired by the investees and there is not a readily determinable market value for these investments. Based on internally estimated current market value, DCC expects that the future sale of these assets could result in total losses of $23 to $33. An impairment charge will be recognized if DCC enters into agreements to sell these investments at values below the carrying values or if we obtain other evidence that there has been an other-than-temporary decline in the fair values of the assets.

Divestitures

In January 2007, we sold our trailer axle business manufacturing assets for $28 in cash and recorded a pre-tax gain of $14.

In March 2007, we sold our engine hard parts business for $98 in cash and recorded a loss of $26. Of the cash proceeds, $4 was escrowed pending completion of closing conditions in certain countries, which are expected to occur in 2007, and $20 was escrowed pending finalization of purchase price adjustments and satisfaction of certain of our indemnification obligations. We also sold our 30% equity interest in GETRAG Getriebe-und Zahnradfabrik Hermann Hagenmeyer GmbH & Cie KG (GETRAG) to our joint venture partner for $207 in cash. We had recorded an impairment charge of $58 in the fourth quarter of 2006 to adjust this equity investment to fair value. We recorded an additional loss of $2 in the first quarter based on the final close. In addition, we signed an agreement with Orhan Holding A.S. to sell the European portion and certain North American portions of our fluid routing products business for a purchase price of $70, subject to customary closing adjustments, with the buyer also assuming certain liabilities of the business. This transaction is subject to Bankruptcy Court and regulatory approvals and we expect to close this sale in the second quarter of 2007.

Note 5. Discontinued Operations

The results of operations of the engine hard parts business that we sold in March 2007 and the fluid products and pump products businesses that we intend to divest in 2007 are aggregated and presented as discontinued operations.

The results of the discontinued operations for the three months ended March 31, 2007 and 2006 were as follows:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Sales	$ 278	$ 325
Cost of sales	270	300
Selling, general and administrative expenses	15	18
Impairment charges	1	28
Other expense, net	(26)	(1)
Loss from discontinued operations before income taxes	(34)	(22)
Income tax (expense) benefit	(22)	1
Loss from discontinued operations	$ (56)	$ (21)

Since the fourth quarter of 2005, we have adjusted the underlying net assets of the discontinued operations to their net fair value less cost to sell based on the profit outlook for these businesses, discussions with potential buyers and other factors impacting expected sale proceeds. Other expense in 2007 includes the pre-tax loss of $26 on the sale of the engine hard parts business. Valuation adjustments led to impairment charges of $1 for the three months ended March 31, 2007 relating to the fluid routing and pump businesses. An impairment of discontinued operations net assets totaling $28 was recorded in the first quarter of 2006. At March 31, 2007, we had reduced the net assets of the fluid and pump products businesses to the extent permitted by GAAP. At the current expected selling prices, we expect to record additional charges of $10 as the sales are finalized.

The assets and liabilities of discontinued operations reported in the consolidated balance sheet as of March 31, 2007 and December 31, 2006 consisted of the following:

	March 31, 2007	December 31, 2006
Assets of discontinued operations		
Accounts receivable	$ 140	$ 223
Inventories	43	123
Cash and other current assets	21	11
Investments and other assets	2	29
Investments in leases		6
Total assets	$ 206	$ 392
Liabilities of discontinued operations		
Accounts payable	$ 69	$ 95
Accrued payroll and employee benefits	19	41
Other current liabilities	54	51
Other noncurrent liabilities	2	8
Total liabilities	$ 144	$ 195

In the consolidated statement of cash flows, the cash flows of discontinued operations are reported in the respective categories of cash flows, along with those of our continuing operations. Liabilities subject to compromise of discontinued operations and certain other accounts are not included in the liabilities of discontinued operations. The assets and liabilities of discontinued operations declined due to the sale of the engine hard parts business during the first quarter of 2007.

Note 6. Realignment of Operations

The following table shows the realignment charges and related payments recorded in our continuing operations during the three months ended March 31, 2007:

	Employee Termination Benefits	Long-Lived Asset Impairment	Exit Costs	Total
Balance at December 31, 2006	$ 64	$ —	$ 10	$ 74
Activity during the period				
Charges to expense	9	3	7	19
Cash payments and adjustments	(19)	(3)	(6)	(28)
Balance at March 31, 2007	$ 54	$ —	$ 11	$ 65

In February 2007, we announced the restructuring of pension liabilities in the U.K. As a result of this action, we recorded $8 of pension curtailment cost in the first quarter of 2007. In April 2007, certain of our U.K. subsidiaries were released from any continuing pension plan obligations in return for a cash payment of $93 and transfer of a 33% equity interest in our remaining U.K. axle and driveshaft operating businesses. In the second quarter of 2007, we expect to record a pension settlement charge in the range of $150 to $170 which is not included in the estimated costs to complete in the table below.

In addition to the $8, we recorded realignment costs of $11 during the first three months of this year related primarily to manufacturing footprint related facility closure and downsizing actions initiated in the past two years.

At March 31, 2007, $65 of restructuring charges remained in accrued liabilities, including $54 for the reduction of approximately 2,300 employees to be completed over the next two years and $11 for lease terminations and other exit costs. The estimated cash expenditures are projected to approximate $26 in the remainder of 2007 and $39 thereafter. Our liquidity and cash flows will be materially impacted by these charges.

Realignment initiatives generally occur over multiple reporting periods. The following table provides project-to-date and estimated future expenses for completion of our pending manufacturing footprint related realignment initiatives for the Automotive Systems Group (ASG) and the Heavy Vehicle Technology Systems Group (HVTSG) business units and the underlying segments.

	Expense Recognized			
	Prior to 2007	Year-to-Date 2007	Total	Estimated Cost to Complete
ASG				
Axle	$ 42	$ 1	$ 43	$ 1
Driveshaft	31	2	33	49
Sealing	3	1	4	1
Thermal	4		4	
Structures	45	6	51	68
Total ASG	125	10	135	119
HVTSG				
Commercial Vehicles	5		5	4
Off-Highway	31		31	
Total HVTSG	36		36	4
Other	17	1	18	
Total continuing operations	$ 178	$ 11	$ 189	$ 123

Note 7. Common Shares

In addition to average shares outstanding of 149.8 for 2007 and 2006, we have 0.6 shares that satisfy the definition of potentially dilutive shares. These potentially dilutive shares have been excluded from the computation of earnings per share for the three months ended March 31, 2007 and 2006 as the loss from continuing operations for these periods caused the shares to have an anti-dilutive effect.

In addition, we excluded 13.6 common shares for each of the 2007 and 2006 periods from the computation of earnings per share as these shares represent stock options with exercise prices higher than the average per share trading price of our stock during the respective periods and the effect of including them would also be anti-dilutive.

Note 8. Goodwill

Changes in goodwill during the three months ended March 31, 2007 for the affected segments were as follows:

	December 31, 2006	Effect of Currency and Other	March 31, 2007
ASG			
Driveshaft	$ 158	$ 1	$ 159
Sealing	24		24
Thermal	119		119
Total	301	1	302
HVTSG			
Off-Highway	115		115
Total	$ 416	$ 1	$ 417

Note 9. Equity-Based Compensation

During the first quarter of 2007, there were no stock options, restricted shares or units, or other stock-based awards granted under our equity compensation plans; no options were exercised; and the number of options and restricted shares or units that vested, expired or were forfeited was immaterial.

Note 10. Pension and Postretirement Benefit Plans

We provide defined contribution and defined benefit, qualified and nonqualified, pension plans for certain employees. We also provide other postretirement benefits, including medical and life insurance, for certain employees upon retirement.

Components of net periodic benefit costs for the three months ended March 31, 2007 and 2006 were as follows:

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Service cost	$ 13	$ 11	$ 2	$ 3
Interest cost	41	41	22	22
Expected return on plan assets	(50)	(50)		
Amortization of prior service cost		1	(3)	(3)
Recognized net actuarial loss (gain)	6	8	9	10
Net periodic benefit cost	$ 10	$ 11	$ 30	$ 32
Curtailment loss	8			
Settlement loss (gain)		4	(12)	
Net periodic benefit cost after curtailment and settlements	$ 18	$ 15	$ 18	$ 32

In March 2007, the Bankruptcy Court approved the elimination of non-pension retiree benefits for active non-union employees in the U.S. This action reduced our accumulated postretirement benefit obligation (APBO) for postretirement healthcare by $115 at March 31, 2007. Because the termination reduced benefits previously earned, it is considered a negative plan amendment. Accordingly, the reduction in the APBO is offset by a credit to accumulated other comprehensive income which will be amortized to income in the future.

In March 2007, we also reached a tentative agreement with the Retiree Committee to make a $78 cash contribution to a Voluntary Employee Beneficiary Association (VEBA) trust for non-pension retiree benefits in exchange for release of the Debtors from obligations for postretirement health and welfare benefits for non-union retirees in the U.S. The VEBA will allow for continuation of benefits under an alternate plan. This tentative agreement is subject to approval by the Bankruptcy Court. In addition, in April 2007, the Bankruptcy Court approved our settlement with the IAM to pay $2.25 to resolve all IAM claims for non-pension retiree benefits for retirees and active employees represented by the IAM. The APBO relating to these non-union retirees and the IAM will be reduced by approximately $220 upon final approval by the Bankruptcy Court.

Note 11. Comprehensive Loss

Comprehensive loss includes our net loss and components of other comprehensive income (loss) (OCI), such as foreign currency translation gains and losses that are charged or credited directly to shareholders' deficit and adjustments to record the reclassification of items to net income during the period.

The components of our total comprehensive loss for the three months ended March 31, 2007 and 2006 were as follows:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Net loss	$ (92)	$ (126)
Other comprehensive income (loss):		
Deferred translation gain	16	32
GETRAG divestiture	(93)	
Postretirement healthcare plan amendment	115	
Benefit plan amortization	11	
Other	13	1
Total comprehensive loss	$ (30)	$ (93)

For the three months ended March 31, 2007, OCI included a reduction of $93 to eliminate the currency translation adjustment and unamortized pension expense related to the sale of our equity investment in GETRAG and the $115 increase resulting from the termination of postretirement healthcare coverage for non-union employees (see Note 10). The $16 deferred translation gain reported for the three months ended March 31, 2007 was primarily due to the weakening of the dollar against the euro, partially offset by a $9 and $3 strengthening of the U.S. dollar against the Brazilian real and Mexican peso. Benefit plan amortization represents the unamortized actuarial losses in accumulated OCI. Other includes $10 of pension adjustments related to our sale of the engine hard parts business.

The $32 deferred translation gain reported for the three months ended March 31, 2006 resulted primarily from the weakening of the U.S. dollar relative to the euro ($16) and the Brazilian real ($22).

Note 12. Cash Deposits

At March 31, 2007, cash and cash equivalents held outside the U.S. amounted to $789, including $93 of escrowed cash related to the restructuring of U.K. pension liabilities (see Note 6) and $21 of cash deposits to provide credit enhancement for certain lease agreements and to support surety bonds that allow us to self-insure our workers' compensation obligations. In addition, a substantial portion of our cash and cash equivalents balance represents funds held in overseas locations that need to be retained for working capital and other operating purposes. Several countries have local regulatory requirements that significantly restrict the ability of the Debtors to access this cash. In addition, $79 was held by entities that are majority owned and consolidated by Dana, but which have third party minority ownership with varying levels of participation rights involving cash withdrawals. Beyond these restrictions, there are practical limitations on repatriation of cash from certain countries because of the resulting tax cost.

At March 31, 2007, cash and cash equivalents held in the U.S. amounted to $461, including $72 of cash deposits to provide credit enhancement for certain lease agreements and to support surety bonds that allow us to self-insure our workers' compensation obligations and $53 held by DCC, a non-Debtor subsidiary whose cash is restricted by the Forbearance Agreement discussed in Note 2.

The financial instruments for the cash deposits discussed above are typically renewed each year and are recorded in cash and cash equivalents. In most jurisdictions, these cash deposits can be withdrawn if we provide comparable security in the form of letters of credit. Our DIP Credit Agreement (discussed in Note 13) provides for the issuance of letters of credit and the availability at March 31, 2007 was adequate to cover the amounts on deposit.

Note 13. Financing Agreements

DIP Credit Agreement

Dana Corporation, as borrower, and its Debtor subsidiaries, as guarantors, are parties to the DIP Credit Agreement that was approved by the Bankruptcy Court in March 2006. Under the DIP Credit Agreement, we currently have a $650 revolving credit facility and a $900 term loan facility. In the first quarter of 2007, the original term loan facility was increased by $200 and we reduced the original revolving credit facility by $100 to correspond with the lower availability in our collateral base. For a discussion of the terms of the DIP Credit Agreement, see Note 10 to our consolidated financial statements in Item 8 of our 2006 Form 10-K.

At March 31, 2007, we had borrowed $900 under the DIP Credit Agreement. Based on our borrowing base collateral, we had availability at that date under the DIP Credit Agreement of $182 after deducting the $100 minimum availability requirement and $307 for outstanding letters of credit. All obligations under the DIP Credit Agreement will become due and payable no later than March 2008. We expect to refinance these obligations as part of the plan of emergence from bankruptcy. However, since refinancing these obligations on a long-term basis is not presently assured, we have classified the borrowings under the DIP Credit Agreement as a current liability at March 31, 2007.

Canadian Credit Agreement

Dana Canada Corporation (Dana Canada) as borrower, and certain of its Canadian affiliates, as guarantors, are parties to a credit agreement (the Canadian Credit Agreement) that provides Dana Canada with a $100 revolving credit facility, of which $5 is available for the issuance of letters of credit.

For a discussion of the terms of the Canadian Credit Agreement, see Note 10 to our consolidated financial statements in Item 8 of our 2006 Form 10-K. Based on Dana Canada's borrowing base collateral, at March 31, 2007, it had availability of $59 after deducting the $20 minimum availability requirement and $2 for currently outstanding letters of credit. Dana Canada had no borrowing under this agreement at March 31, 2007.

European Receivables Loan Facility

In March 2007, certain of our European subsidiaries received a commitment from GE Leveraged Loans Limited for the establishment of a five-year accounts receivable securitization program that will provide our European subsidiaries with up to the euro equivalent of $225 in available financing. For a discussion of the terms of this program, see Note 10 to our consolidated financial statements in Item 8 of our 2006 Form 10-K. We expect the agreements for this program will be finalized in the second quarter of 2007.

DCC Notes

See Note 2 for information about DCC's outstanding notes and the Forbearance Agreement between DCC and most of its noteholders.

United Kingdom Financing

In connection with the restructuring of our U.K. pension obligations (see Note 6), we borrowed $67 under a short-term interim bank loan which has an October 31, 2007 maturity date.

Note 14. Commitments and Contingencies

Impact of Our Bankruptcy Filing

Under the Bankruptcy Code, the filing of our petition on March 3, 2006 automatically stayed most actions against us. Substantially all of our pre-petition liabilities will be addressed under our plan of reorganization, if not otherwise addressed pursuant to orders of the Bankruptcy Court.

Class Action Lawsuit and Derivative Actions

There is a consolidated securities class action *(Howard Frank v. Michael J. Burns and Robert C. Richter)* pending in the U.S. District Court for the Northern District of Ohio naming our Chief Executive Officer (CEO), Mr. Burns, and our former Chief Financial Officer (CFO), Mr. Richter, as defendants. The plaintiffs in this action allege violations of the U.S. securities laws and claim that the price at which Dana's shares traded at various times between February 2004 and November 2005 was artificially inflated as a result of the defendants' alleged wrongdoing. In February 2007, lead plaintiff in the *Frank* action filed a motion for an order partially lifting the statutory discovery stay in this action to enable it to obtain copies of certain documents produced to the SEC. Defendants opposed that motion and, following a hearing on May 4, 2007, the matter is now under consideration by the District Court. There is also a shareholder derivative action *(Roberta Casden v. Michael J. Burns, et al.)* pending in the same court naming our current directors, certain former directors and Messrs. Burns and Richter as defendants.

The derivative claim in this case, alleging breaches of the defendants' fiduciary duties to Dana, has been stayed. The plaintiff in the *Casden* action has also asserted class action claims alleging a breach of duties that purportedly forced Dana into bankruptcy. The defendants moved to dismiss or stay the class action claims in these cases and a hearing on these motions was held in January 2007. The court has not yet ruled on the motions. A second shareholder derivative suit *(Steven Staehr v. Michael Burns, et al.)* remains pending and stayed. Due to the preliminary nature of these lawsuits, we cannot at this time predict their outcome or estimate Dana's potential exposure. While we have insurance coverage with respect to these matters and do not currently 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, there is no assurance that any uninsured loss would not be material.

SEC Investigation

The SEC is conducting an investigation with respect to matters related to the restatement of our financial statements for the first two quarters of 2005 and fiscal years 2002 through 2004. The investigation is a non-public, fact-finding inquiry to determine whether any violations of law have occurred. The investigation was not suspended as a result of our bankruptcy filing and we are continuing to cooperate fully with the SEC in the investigation.

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. 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.

Asbestos-Related Product Liabilities

Under the Bankruptcy Code, our pending asbestos-related product liability lawsuits, as well as any new lawsuits against us alleging asbestos-related claims, have been stayed during our reorganization process. However, some claimants may still file proofs of asbestos-related claims in the Bankruptcy Cases. The September 21, 2006 claims bar date did not apply to claimants alleging asbestos-related personal injury claims, but it was the deadline for claimants (including insurers) who are not one of the allegedly injured individuals or their personal representatives to file proofs of claim with respect to other types of asbestos-related claims. Our obligations with respect to asbestos claims will be addressed in our plan of reorganization, if not otherwise addressed pursuant to orders of the Bankruptcy Court.

We had approximately 72,000 active pending asbestos-related product liability claims at March 31, 2007, compared to 73,000 at December 31, 2006, including approximately 6,000 claims at both dates that were settled but awaiting final documentation and payment. We had accrued $57 for indemnity and defense costs for pending asbestos-related product liability claims at March 31, 2007, compared to $61 at December 31, 2006. We project indemnity and defense cost for pending cases using the same methodology we use for projecting potential future liabilities. Given the inherent variability of our key assumptions, we estimate our potential liability for pending and future cases through 2021 to be within a range of $138 to $199. Since the outcomes within that range are equally probable, we accrue the lower end of the range. While the process of estimating future demands is highly uncertain beyond 2021, we believe there are reasonable circumstances in which our expenditures related to asbestos-related product liability claims after that date would be *de minimis.*

Prior to 2006, we reached agreements with some of our insurers to commute policies covering asbestos-related product claims. We apply proceeds from insurance commutations first to reduce any recorded recoverable amount. Proceeds from commutations in excess of our estimated receivable recorded for pending claims and future demands are recorded as a liability for future demands. There were no commutations of insurance in the first quarter of 2007. At March 31, 2007, our liability for future demands under prior commutations totaled $11, bringing our total recorded liability for asbestos related product liability claims to $149.

At March 31, 2007, we had recorded $71 as an asset for probable recovery from our insurers for our pending and projected asbestos-related product liability claims, compared to $72 recorded at December 31, 2006. The assets recorded represent 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. These recoveries assume elections to extend existing coverage that we intend to exercise in order to maximize our insurance recovery. The assets recorded do 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.

In addition, we had a net amount recoverable from our insurers and others of $16 and $14 at March 31, 2007 and December 31, 2006. The recoverable represents reimbursements for settled asbestos-related product liability claims, including billings in progress and amounts subject to alternate dispute resolution proceedings with some of our insurers. As a result of the stay in our asbestos litigation during the reorganization process, we do not expect to make any asbestos-related claims payments in the near term. However, we are continuing to pursue insurance collections with respect to asbestos-related amounts paid prior to the Filing Date.

Other Product Liabilities

We had accrued $8 for non-asbestos product liability costs at March 31, 2007, compared to $7 at December 31, 2006, with no recovery expected from third parties at either date. 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

We had accrued $59 for environmental liabilities at March 31, 2007, compared to $64 at December 31, 2006. We estimate these liabilities based on the most probable method of remediation, current laws and regulations and existing technology. Estimates are made on an undiscounted basis and exclude the effects of inflation. If there is a range of equally probable remediation methods or outcomes, we accrue the lower end of the range. The difference between our minimum and maximum estimates for these liabilities was $3 and $1 at March 31, 2007 and December 31, 2006.

Included in these accruals are amounts relating to the Hamilton Avenue Industrial Park site in New Jersey, where we are one of four potentially responsible parties (PRPs) under the Comprehensive Environmental Response, Compensation and Liability Act (Superfund). We review our estimate of our liability for this site quarterly. Our total estimated liability for this site at March 31, 2007 was approximately $16.

Our liability has been estimated based on our status as a passive owner of the property during a period when some of the contaminating activity occurred and assumes that the other PRPs will be able to honor their fair share of liability for site related costs. As with any Superfund matter, should this not be the case, our actual costs could increase. The United States Environmental Protection Agency (EPA) has filed claims exceeding $200 with the Bankruptcy Court, as an unsecured creditor, for all unreimbursed past and future response costs at this site, civil penalties, punitive and stipulated damages, and alleged damages to natural resources. The support behind the EPA's claims provides no cost studies or other information which we have not already assessed in establishing the liability above. Based on our current information, we do not believe there is a reasonably estimable liability for this site beyond that which we have recorded.

Other Liabilities Related to Asbestos Claims

Until 2001, most of our asbestos-related claims were administered, defended and settled by the Center for Claims Resolution (CCR), which settled claims for its member companies on a shared settlement cost basis. In 2001, the CCR was reorganized and discontinued negotiating shared settlements. Some former CCR members have defaulted on the payment of their shares of some of the CCR-negotiated settlements and some of the settling claimants have sought payment of the unpaid shares from Dana and the other companies that were members of the CCR at the time of the settlements. We have been working with the CCR, other former CCR members, our insurers and the claimants over a period of years to resolve these issues. Through March 31, 2007, we had paid $47 to claimants and collected $29 from our insurance carriers with respect to these claims. At March 31, 2007, we had a net receivable of $13 that we expect to recover from available insurance and surety bonds relating to these claims. We are continuing to pursue insurance collections with respect to asbestos-related claims paid prior to the Filing Date.

Assumptions

The amounts we have recorded for asbestos-related liabilities and recoveries are based on assumptions and estimates reasonably derived from our historical experience and current information. The actual amount of our liability for asbestos-related claims and the effect on us could differ materially from our current expectations if our assumptions about the outcome of the pending unresolved bodily injury claims, the volume and outcome of projected future bodily injury claims, the outcome of claims relating to the CCR negotiated settlements, the costs to resolve these claims and the amount of available insurance and surety bonds prove to be incorrect, or if U.S. federal legislation impacting asbestos personal injury claims is enacted. Although we have projected our liability for future asbestos-related product liability claims based upon historical trend data that we consider to be reliable, there is no assurance that our actual liability will not differ from what we currently project.

Note 15. Warranty Obligations

We record a liability for estimated warranty obligations at the dates our products are sold. Adjustments are made as new information becomes available. Our warranty liabilities for the three months ended March 31, 2007 and 2006 were as follows:

	Three Months Ended March 31,	
	2007	2006
Balance, beginning of period	$ 90	$ 91
Amounts accrued for current period sales	11	15
Adjustments of prior accrual estimates	3	
Settlements of warranty claims	(20)	(12)
Foreign currency translation and other		1
Balance, end of period	$ 84	$ 95

Note 16. Income Taxes

Income taxes are accounted for in accordance with SFAS No. 109, “Accounting for Income Taxes.” Current and deferred income tax assets and liabilities are recognized based on events which have occurred and are measured under enacted tax laws. Based on our history of losses and our near term profit outlook, we have established 100% valuation allowances against our U.S. deferred tax assets. Similar valuation allowances are recorded in other countries such as the U.K. where, based on the profit outlook, realization of the deferred taxes does not satisfy the more likely than not recognition criteria.

As a consequence of not recognizing the benefit of deferred tax assets in countries such as the U.S. and U.K., continuing losses in these jurisdictions provide no tax benefit. This is the primary factor which causes the tax expense of $15 and $22 for the three months ended March 31, 2007 and 2006 to differ from expected tax benefits of $9 and $32 at the U.S. federal statutory rate of 35%.

We adopted the provisions of FIN 48 on January 1, 2007, and increased retained earnings by approximately $3. As of the adoption date, we had gross unrecognized tax benefits of $137, of which $112 can be reduced by net operating loss carryforwards, state adjustments, and other timing adjustments. The net amount of $25, if recognized, would affect the company’s effective tax rate. As of March 31, the total amount of gross unrecognized benefits are $141 of which $29, if recognized, would affect the effective tax rate. If the matters for 1999-2002 ultimately settle with the Internal Revenue Service within the next 12 months, the total amounts of unrecognized tax benefits may increase or decrease for all open tax years. Audit outcomes and the timing of the audit settlements are subject to significant uncertainty, therefore, an accurate estimate of the impact on earnings is unavailable at this time. Unrecognized tax benefits are the difference between a tax position taken, or expected to be taken in a tax return, and the benefit recognized for accounting purposes pursuant to FIN 48. We recognize interest and penalties related to unrecognized tax benefits in income tax expense.

We conduct business globally and, as a result, filed income tax returns in the U.S. and various state and foreign jurisdictions. In the normal course of business we are subject to examination by taxing authorities throughout the world. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 1999. We are currently under audit by the Internal Revenue Service for the 2003 to 2005 tax years. It is likely that the examination phase of the audit for the years 2003 to 2005 will conclude in 2007.

Note 17. Other Income, Net

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Interest income	$ 8	$ 9
DCC income	6	9
Divestiture gains	12	
Foreign exchange gain	5	3
Government grants	3	1
Rental income	3	
Other, net	9	9
Total	$ 46	$ 31

Note 18. Segments

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS No. 131), establishes standards for reporting information about operating segments and related disclosures about products and services and geographic locations. SFAS No. 131 requires reporting on a single basis of segmentation. The components that management establishes for purposes of making decisions about an enterprise's operating matters are referred to as "operating segments." We currently have seven operating segments within two manufacturing business units (ASG and HVTSG). ASG consists of five operating segments: Axle, Driveshaft, Sealing, Thermal and Structures. HVTSG consists of two operating segments: Commercial Vehicle and Off-Highway.

Management also monitors shared services, operations that are not part of the operating segments, trailing liabilities of closed operations and other administrative costs.

Management evaluates DCC as if it were accounted for under the equity method of accounting rather than on the fully consolidated basis used for external reporting. DCC is included as a reconciling item between the segment results and our loss before income tax.

During 2007, we modified the methodology for allocating profit on certain sales from the Axle and Driveshaft segments to the Commercial Vehicle segment. For comparability purposes, segment profits in 2006 have been adjusted to be consistent with the new profit allocation used by management to evaluate segment performance.

Earnings before interest and taxes (EBIT) is the key internal measure of performance used by management as a measure of profitability for our segments. EBIT, a non-GAAP financial measure, excludes equity in earnings of affiliates. It includes sales, cost of sales, selling, general and administrative expenses (SG&A) and certain reorganization items and other income (expense) items, net. Certain nonrecurring and unusual items like goodwill impairment, certain realignment charges and divestiture gains and losses are excluded from segment EBIT. EBIT is a critical component of earnings before interest, taxes, depreciation, amortization, restructuring and reorganization charges (EBITDAR), which is a measure used to determine compliance with our DIP Credit Agreement financial covenants.

We used the following information to evaluate our operating segments for the three months ended March 31, 2007 and 2006:

2007	External Sales	Inter-Segment Sales	Segment EBIT
ASG			
Axle	$ 611	$ 24	$ (10)
Driveshaft	286	51	9
Sealing	176	7	11
Thermal	72	2	4
Structures	270	4	8
Eliminations and other	5	(61)	(7)
Total ASG	1,420	27	15
HVTSG			
Commercial Vehicle	340		8
Off-Highway	384	9	36
Eliminations and other		(8)	(2)
Total HVTSG	724	1	42
Other Operations	1	9	
Eliminations		(37)	
Total Segments	$ 2,145	$ —	$ 57

2006	External Sales	Inter-Segment Sales	Segment EBIT
ASG			
Axle	$ 588	$ 13	$ (6)
Driveshaft	277	32	26
Sealing	177	7	15
Thermal	76	1	11
Structures	324	8	2
Eliminations and other	32	(33)	(15)
Total ASG	1,474	28	33
HVTSG			
Commercial Vehicle	417	3	4
Off-Highway	301	8	27
Eliminations and other		(9)	(3)
Total HVTSG	718	2	28
Other Operations	5	12	
Eliminations		(42)	
Total Segments	$ 2,197	$ —	$ 61

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

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Segment EBIT	$ 57	$ 61
Shared services and administrative	(37)	(58)
Closed operations	(2)	(4)
DCC EBIT	7	9
Impairment of other assets		(14)
Reorganization items, net	(37)	(55)
Interest expense	(23)	(39)
Realignment not in segments	(16)	
Other income not in segments or DCC	27	14
Other	(3)	(6)
Loss from continuing operations before income taxes	$ (27)	$ (92)

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.

Management Overview

We are a leading supplier of axle, driveshaft, structures, sealing and thermal products and we design and manufacture products for every major vehicle producer in the world. We are focused on being an essential partner to automotive, commercial truck and off-highway vehicle customers. We employ 41,000 people in 28 countries. Our world headquarters is in Toledo, Ohio. Our Internet address is www.dana.com.

We are currently operating under Chapter 11 of the Bankruptcy Code. The Bankruptcy Cases are discussed in detail in Note 2 to our financial statements in Item 1 of Part I. Our reorganization goals are to maximize enterprise value during the reorganization process and to emerge from Chapter 11 as soon as practicable as a sustainable, viable company.

Business Strategy

We are utilizing the reorganization process to improve our distressed U.S. operations by effecting fundamental change. This is critical to us, as our worldwide operations are highly integrated for the manufacture and assembly of our products. Therefore, while we are continuing to grow overseas, our long-term viability depends on our ability to return our U.S. operations to sustainable profitability.

Our U.S. operations are currently generating significant losses and consuming substantial cash, and only with the actions outlined below will we see sustainable improvement.

Even with notably better domestic operating results, we will be dependent upon realizing expected divestiture proceeds, repatriating available cash from our overseas operations, and loans under our DIP Credit Agreement to meet our liquidity needs in 2007. In the first quarter of 2007, we took several key actions to address this issue. We effectively increased the size of our DIP Credit Agreement, completed certain divestitures and laid the groundwork for cash repatriations. These actions will help address our liquidity needs for 2007. However, such sources of funds will not be available or adequate in future periods.

Our successful reorganization as a sustainable, viable business will require the simultaneous implementation of several distinct reorganization initiatives and the cooperation of all of our key business constituencies — customers, vendors, employees and retirees. It is critical to our success that we:

- *Achieve improved margins for our products by obtaining substantial price increases from our customers;*
- *Restructure our wage and benefit programs to create an appropriate labor and benefit cost structure;*

- *Address the excessive costs and funding requirements of the legacy postretirement benefit liabilities that we have accumulated over the years, in part from prior divestitures and closed operations; and*
- *Achieve a permanent reduction and realignment of our overhead costs.*

In the long term, we also must eliminate the costs and inefficiencies associated with our historically decentralized manufacturing operations and optimize our manufacturing "footprint" by substantially repositioning our production to lower cost countries.

Achievement of our objectives has been made more pressing by the significantly curtailed production forecasts since the second half of 2006 by some of our largest domestic customers, particularly in the production of SUVs and pickup trucks, which represent the primary market for our products in the U.S. These production cuts are adversely impacting our sales in 2007 in the light vehicle market. Weaker demand in the U.S. heavy-duty and medium-duty truck markets in 2007 as a result of pre-buying in 2006 ahead of new emissions rules is also negatively impacting our 2007 performance. We must, therefore, accelerate our efforts to achieve viable long-term U.S. operations in an increasingly challenged U.S. automotive industry and a cyclical commercial vehicle market.

Our reorganization strategy contemplates the following initiatives, which will require significant contributions from each of the constituents referred to above in the form of gross margin improvements or cost base reductions.

- *Product Profitability*

  Our products contain high quantities of commodity materials and absorbing the significant inflation in the costs of these materials has contributed to the decline in our profitability. In addition, we granted many of our customers downward price adjustments, consistent with their demands and industry practices. In the Bankruptcy Cases, we will have to determine whether to assume or reject customer contracts. Since the filing date, we have undertaken a detailed review of our product programs to identify unprofitable contracts and have held meetings with our customers and their advisors to address under-performing programs. Through pricing modifications with customers and contract rejections, we expect to improve our annual pre-tax profit by $175 to $225.

  To date we have reached agreements with customers resulting in pricing improvement of approximately $170 on an annualized basis. We expect to substantially complete the contract pricing agreements and our decisions as to our assumption of customer contracts in the second quarter of 2007. To date, we have not moved to reject any customer contracts. However, we may find it necessary to seek rejections of certain contracts if we are unable to reach agreement with our customers. We have made substantial progress against this goal and expect to achieve our goal for 2007.

- *Labor and Benefit Costs*

  Our current labor and benefit costs, especially in the U.S., impair our financial position and are a significant impediment to our successful reorganization. The steps we have taken since 2005 to reduce these costs and the further steps we intend to take are discussed in Item 7 of our 2006 Form 10-K. We expect that these labor and benefit cost actions will generate annual cost savings of $60 to $90.

We apprised the primary unions representing our active U.S. employees — the United Auto Workers (UAW), the United Steel Workers (USW) and the International Association of Machinists (IAM) — of our labor cost reduction goals and commenced discussions with them about these matters in 2006. In January 2007, we filed motions with the Bankruptcy Court seeking authorization to reject our collective bargaining agreements with these unions in the event we are unable to reach agreement with them on proposed changes. The Bankruptcy Court held hearings on this matter in March and April 2007, and now has the matter under consideration. Before the hearing, we resolved our collective bargaining issues with the IAM and agreed to a new three-year collective bargaining agreement covering hourly employees at our Robinson, Illinois plant. Since the hearing, we have continued our discussions with the UAW and USW. These unions, which objected to our motion to reject their collective bargaining agreements, have indicated that their members may strike if we reject these agreements. While we are taking steps to minimize the impact of any strike activity on our customers, a prolonged strike by the UAW or the USW would impact our earnings adversely and could prevent us from reorganizing successfully.

- *Other Postretirement Benefits*

We provide other postretirement benefits, including medical and life insurance, for many U.S. retirees. Our accumulated liabilities are disproportionate to the scale of our current business and the rising cost of providing an extensive retiree healthcare program has become prohibitive. At March 31, 2007, after giving affect to the elimination of benefits for non-union employees, we had approximately $1,400 in unfunded non-pension retiree benefits obligations under our domestic postretirement healthcare plans.

We are seeking to terminate our direct sponsorship of all retiree healthcare programs and the funding of ongoing retiree healthcare costs associated with existing plans. We expect this initiative to be resolved through the creation of various trusts to provide future healthcare benefits for retirees, resulting in the elimination of our future healthcare benefit costs and annual cost savings of $70 to $90.

We filed motions with the Bankruptcy Court in January and February 2007 seeking authorization to exercise our unilateral right to eliminate retiree healthcare benefits for all of our non-union U.S. employees and retirees and to modify other retiree benefits. The Bankruptcy Court held hearings on these matters in March and April of 2007, and in March, the Bankruptcy Court approved the elimination of retiree healthcare benefits coverage for our active non-union employees effective April 1, 2007. This action is expected to result in annualized cost savings of approximately $12. Changes to the other retiree benefits are still under consideration by the Bankruptcy Court. In March 2007, we also reached a tentative agreement with the Retiree Committee to make a $78 cash contribution to a Voluntary Employee Beneficiary Association (VEBA) trust for non-pension retiree benefits in exchange for release of the Debtors from obligations for postretirement health and welfare benefits for non-union retirees. The VEBA will allow for benefits under an alternate plan. This tentative agreement is subject to approval by the Bankruptcy Court. In addition, on April 27, 2007, the Bankruptcy Court approved our settlement with the IAM to pay $2.25 to resolve all IAM claims for non-pension retiree benefits for retirees and active employees represented by the IAM. The tentative agreement with the Retiree Committee and an approved IAM agreement are expected to reduce the $1,400 of unfunded non-pension retiree benefits obligations by an estimated $220. These actions are expected to result in annualized cost savings of approximately $22.

- *Overhead Costs*

  Due to our historically decentralized operating model and the reduction in the overall size of our business resulting from recent divestitures, our overhead costs have been too high. We are in various stages of analysis and implementation with respect to initiatives to reduce overhead costs. Additional reductions in overhead will occur as a result of our ongoing divestitures and reorganization activities. We expect our reductions in overhead spending to contribute annual expense savings of $40 to $50.

- *Manufacturing Footprint*

  Overcapacity and high operating costs at our facilities in the U.S. and Canada are burdening our performance and negatively affecting our financial results. We have identified a number of manufacturing and assembly plants that carry an excessive cost structure or have excess capacity. We have committed to the closure of certain locations and consolidation of their operations into lower cost facilities in other countries or into U.S. facilities that currently have excess capacity.

  In the first quarter of 2007, we announced the closure of a Driveshaft plant in Renton, Washington which will be integrated into our Louisville, Kentucky operation. As previously disclosed, we expect to close four additional facilities, which we will announce later in 2007. Over the long term, we expect the manufacturing footprint actions to reduce our annual operating costs by $60 to $85.

We expect that our reorganization initiatives, when fully implemented, will result in an aggregate annual pre-tax profit improvement of $405 to $540. We began phasing these actions in during 2007 and expect them to contribute between $150 and $200 to our base plan forecast for 2007 (the initial base forecast based on 2006 ending production levels, before inclusion of the benefits of any of the initiatives), excluding any contributions from reductions of benefits related to non-union retirees and employees and retirees covered by collective bargaining agreements that were the subject of the March and April 2007 Bankruptcy Court hearings.

We are also continuing to pursue previously announced divestitures and, as we implement our reorganization initiatives, we may identify additional opportunities to help return our U.S. operations to sustainable viability.

In March 2007, we sold our engine hard parts business for $98 in cash and recorded a loss of $26. Of the cash proceeds, $4 was escrowed pending completion of closing conditions in certain countries, which are expected to occur in 2007, and $20 was escrowed pending customary purchase price adjustments and satisfaction of certain of our indemnification obligations. We also sold our 30% equity interest in GETRAG to our joint venture partner for $207 in cash. We had recorded an impairment charge of $58 in the fourth quarter of 2006 to adjust this equity investment to fair value. Based on final terms, $2 of additional loss was recorded in the first quarter of 2007. In addition, we signed an agreement with Orhan Holding A.S. to sell the European portion and certain North American portions of our fluid routing products business for $70 subject to Bankruptcy Court and regulatory approvals. We expect to close this sale in the second quarter of 2007.

In February 2007, we announced the restructuring of the pension liabilities of our U.K. operations. Ten of our subsidiaries located in the U.K. and the trustees of four U.K. defined benefit pension plans have entered into an agreement to compromise and settle the liabilities owed by our U.K. operating subsidiaries to the pension plans. Under the agreement, in April 2007, the trustees of the plans released the operating subsidiaries from all such liabilities in exchange for an aggregate cash payment of approximately $93 and the transfer of 33% equity interest in our axle manufacturing and driveshaft assembly businesses in the U.K. for the benefit of the pension plan participants. We expect to record a settlement charge in the range of $150 to $170 (including a cash charge of $93) in the second quarter of 2007 in connection with this transaction.

In January 2007, we sold our trailer axle business manufacturing assets for $28 in cash and recorded a pre-tax gain of $14.

Reorganization Proceedings under Chapter 11 of the Bankruptcy Code

The Bankruptcy Cases

Dana Corporation and forty of its wholly-owned domestic subsidiaries (collectively, the Debtors) are operating under Chapter 11 of the Bankruptcy Code. The Debtors' Chapter 11 cases have been consolidated in the Bankruptcy Court for the Southern District of New York under the caption *In re Dana Corporation, et al.*, Case No. 06-10354 (BRL). Neither DCC and its subsidiaries nor any of our non-U.S. affiliates are Debtors.

During the bankruptcy proceedings, investments in Dana securities are highly speculative. Although shares of our common stock are trading on the OTC Bulletin Board under the symbol "DCNAQ," the opportunity for any recovery by shareholders under our eventual plan of reorganization is uncertain and the shares may be cancelled without any compensation pursuant to such plan.

The Bankruptcy Cases are being jointly administered, with the Debtors managing their businesses as debtors in possession subject to the supervision of the Bankruptcy Court. We are continuing normal business operations while we evaluate our business financially and operationally. We are proceeding with previously announced divestiture and reorganization plans and taking steps to reduce costs, increase efficiency and enhance productivity so that we can emerge from bankruptcy as a stronger, more viable company.

Official Creditors and Retiree Committees have been appointed in the Bankruptcy Cases. The Debtors bear certain of the committees' costs and expenses, including those of their counsel and other professional advisors. An official committee of Dana's equity security holders was also appointed, but it was later disbanded.

The Debtors have filed schedules of their assets and liabilities existing on the Filing Date, including certain amendments to the initial schedules, with the Bankruptcy Court.

Under the Bankruptcy Code, the Debtors have the right to assume or reject executory contracts (*i.e.*, contracts that are to be performed by the parties after the Filing Date) and unexpired leases, subject to Bankruptcy Court approval and other limitations. The Bankruptcy Court has authorized the Debtors to reject certain executory contracts and unexpired leases.

The Bankruptcy Court has also entered an order establishing procedures for trading in claims and equity securities that is designed to protect the Debtors' potentially valuable tax attributes (such as net operating loss carryforwards). Under the order, holders or acquirers of 4.75% or more of Dana's common stock are subject to certain notice and consent procedures before acquiring or disposing of the shares. Holders of claims against the Debtors that would entitle them to more than 4.75% of the common shares of reorganized Dana under a confirmed plan of reorganization utilizing the tax benefits provided under Section 382(l)(5) of the Internal Revenue Code may be required to sell down the excess claims if necessary to implement such a plan of reorganization.

Pre-petition Claims

Most persons and entities asserting pre-petition claims (other than asbestos-related personal injury and wrongful death claims) against the Debtors were required to file proofs of claim in the Bankruptcy Cases by September 21, 2006. Proofs of claim alleging rights to payment for financing, trade debt, employee obligations, environmental matters, litigation tax liabilities and other matters in a total amount of approximately $26,100 were filed by that date. Of the claims filed, the Debtors have so far identified claims totaling approximately $20,900 that they believe should be disallowed, primarily because they appear to be amended, duplicative, withdrawn by the creditor, without basis for claim, or solely equity-based. Of these, claims totaling approximately $260 have been disallowed by the Bankruptcy Court through April 2007. The Debtors are continuing to evaluate the remaining filed claims and expect to file additional claim objections with the Bankruptcy Court.

The Debtors have also identified approximately 1,100 asbestos-related personal injury and wrongful death claims (totaling approximately $140) that are expected to be addressed in the future in connection with our plan of reorganization.

Pre-petition Debt

Our bankruptcy filing triggered the immediate acceleration of certain of our direct financial obligations, including, among others, an aggregate of $1,623 in principal and accrued interest on currently outstanding non-secured notes issued under our 1997, 2001, 2002 and 2004 indentures. Such amounts are characterized as unsecured debt for purposes of the reorganization proceedings and the related obligations are classified as liabilities subject to compromise in our consolidated balance sheet as of March 31, 2007. In accordance with SOP 90-7, following the Filing Date, we discontinued recording interest expense on debt classified as liabilities subject to compromise.

Reorganization Initiatives

It is critical to the Debtors' successful emergence from bankruptcy that they (i) achieve positive margins for their products by obtaining substantial price increases from their customers, (ii) recover or otherwise provide for increased material costs through renegotiation or rejection of various customer programs, (iii) restructure their wage and benefit programs to create an appropriate labor and benefit cost structure, (iv) address the excessive cash requirements of the legacy pension and other postretirement benefit liabilities that they have accumulated over the years, (v) optimize their manufacturing footprint by eliminating excess capacity, closing and consolidating facilities and repositioning operations in lower cost countries, and (vi) achieve a permanent reduction and realignment of their overhead costs. The steps that the Debtors are taking to accomplish these goals are discussed in "Business Strategy," above.

Plan of Reorganization

Until September 3, 2007, the Debtors have the exclusive right to file a plan of reorganization in the Bankruptcy Cases. We anticipate that substantially all of the Debtors' liabilities as of the Filing Date will be addressed and treated in accordance with such plan, which will be voted on by the creditors in accordance with the provisions of the Bankruptcy Code. Although the Debtors intend to file and seek confirmation of such a plan by that date, there can be no assurance that they will be able to do so or that any plan that is filed will be confirmed by the Bankruptcy Court and consummated. The Debtors' plan of reorganization could materially change the amounts and classification of items reported in our historical financial statements.

Continuation as a Going Concern

Our financial statements have been prepared on a going-concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. As a result of our bankruptcy filing, such realization of assets and liquidation of liabilities is subject to uncertainty. While operating as debtors in possession under the protection of Chapter 11 of the Bankruptcy Code, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those recorded in our financial statements, subject to Bankruptcy Court approval or as otherwise permitted in the ordinary course of business. Our financial statements as of March 31, 2007 do not give effect to all the adjustments to the carrying value of assets and liabilities that may become necessary as a consequence of our reorganization.

Our continuation as a going concern is contingent upon our ability to (i) comply with the terms and conditions of the DIP Credit Agreement, (ii) obtain confirmation of a plan of reorganization under the Bankruptcy Code, (iii) generate sufficient cash flow from operations, and (iv) obtain financing sources to meet our future obligations. Although we are taking steps to achieve these objectives, there is no assurance that we will be successful in doing so or that any measures that are achievable will result in sufficient improvement to our financial position. Accordingly, until such time as we emerge from bankruptcy, there is no certainty about our ability to continue as a going concern. If our reorganization is not completed successfully, we could be forced to sell a significant portion of our assets to retire debt outstanding or, under certain circumstances, to cease operations.

DCC Notes

At the time of our bankruptcy filing, DCC had outstanding notes totaling approximately $399. In December 2006, DCC and most of its noteholders executed a Forbearance Agreement under which (i) the forbearing noteholders agreed not to exercise their rights or remedies with respect to the DCC notes for a period of 24 months (or until the effective date of Dana's plan of reorganization), during which time DCC is endeavoring to sell its remaining asset portfolio in an orderly manner and will use the proceeds to pay down the notes and (ii) DCC agreed to pay the forbearing noteholders their pro rata share of any excess cash it maintains in the U.S. greater than $7.5 on a quarterly basis. At March 31, 2007 the amount of principal outstanding under the DCC notes was $266. In April 2007, DCC made a $44 payment to the forbearing noteholders, consisting of $38 of principal and $6 of interest.

Business Units

We manage our operations globally through two business units – ASG and HVTSG. ASG focuses on the automotive market and primarily supports light vehicle original equipment manufacturers (OEMs) with products for light trucks, SUVs, CUVs, vans and passenger cars. ASG has five operating segments focused on specific products for the automotive market: Axle, Driveshaft, Structures, Sealing and Thermal.

HVTSG supports 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). HVTSG has two operating segments focused on specific markets: Commercial Vehicle and Off-Highway.

Trends in Our Markets

North American Light Vehicle Market

Production Levels

North American light vehicle production levels were 8.1% lower in the first quarter of 2007 than in the first quarter of 2006. In the light truck segment, the quarter-over-quarter production decline was 5.8%. Within this segment, the declines have been more heavily weighted toward medium and full size pick-up trucks and SUVs where consumer concerns about high fuel prices have led to increased preferences for more fuel efficient CUVs. The light truck platforms which generate the highest sales for us are primarily medium and full size pick-up and SUVs. Production levels on these vehicles with higher Dana content in the first quarter of 2007 were down about 9% from the period in the previous year *(source: Global Insight).*

Lower production levels during the second half of 2006 and first three months of 2007 have helped bring inventory levels in line. Days supply of light truck inventories was 69 at March 31, 2007 as compared to 78 at the same time a year ago – a positive factor looking ahead to production levels forecast for the remainder of the year *(source: Wards Automotive).*

Overall North American light vehicle production in 2007 is forecasted to be about the same as in 2006 – 15.3 million units – or slightly lower (source: *Global Insight & Wards Automotive).* While second half light truck production is currently forecast to be somewhat higher than comparable 2006 levels, high fuel prices and a weaker housing market could put potential pressure on production levels of our key platforms later in the year.

OEM Mix

The declining sales of light vehicles (especially light trucks, which generally have a higher profit margin than passenger cars) in North America, as well as losses of market share to competitors such as Toyota and Nissan, continue to put pressure on three of our largest light vehicle customers: Ford, GM and Chrysler. These three customers accounted for 67.6 % of light vehicle production in North America in the first quarter of 2006. Their share of first quarter 2007 production was 64.6% *(source: Global Insight).* While our current bankruptcy reorganization has provided us with some relief from the price reduction pressure applied by these major customers, we expect any continuing loss of market share could result in renewed pricing pressure in order for us to retain existing business and be awarded new business. Our product profitability initiative discussed in "Business Strategy" above specifically addresses our efforts to improve our pricing.

Commodity Costs

Another challenge we face is the high cost of steel and other raw materials, which has had a significant adverse impact on our results, and those of other North American automotive suppliers, for more than two and a half years. Steel suppliers began assessing price surcharges and increasing base prices during the first half of 2004, and prices remained high throughout 2005 and 2006.

Two commonly-used market-based indicators — the Tri Cities Scrap Index for #1 bundled scrap steel (which represents the monthly average costs in the Chicago, Cleveland, and Pittsburgh ferrous scrap markets, as posted by American Metal Market, and is used by our domestic steel suppliers to determine our monthly surcharge) and the spot market price for hot-rolled sheet steel — illustrate the impact. As compared to 2003, average scrap steel prices on the Tri Cities Index during 2006 were more than 70% higher, and spot market hot-rolled sheet steel prices during 2006 were up more than 100%. After subsiding some during the second half of 2006, scrap prices on the Tri Cities Index rose significantly during the first three months of 2007 – with the average first quarter 2007 price exceeding the first quarter 2006 average and full year 2006 average by approximately 15% and 12%. In the case of hot-rolled steel, spot prices during the first three months of 2007 have dropped, with average first quarter 2007 spot prices about 5% lower than the comparable 2006 period and 11% lower than 2006 average prices. However, even taking account of the recent decline in hot-rolled steel prices, at current consumption levels, we estimate that our annualized cost of raw steel is approximately $140 higher than it would have been using prices at the end of 2003. We have taken actions to mitigate the impact of these increases, including consolidating purchases, taking advantage of our customers' resale programs where possible, finding new global steel sources, identifying alternative materials and re-designing our products to be less dependent on higher cost steel grades.

During the latter part of 2005 and throughout 2006, cost increases for raw materials other than steel were also significant. Average prices for nickel (which is used to manufacture stainless steel) and aluminum increased significantly, up about 60% and 37% over 2005 prices; during the first three months of this year, aluminum and nickel prices have continued to increase – aluminum being up 10% compared to first quarter 2006 prices, while average nickel prices are more than 2.5 times 2006 levels. In addition, copper and brass prices have increased significantly, impacting, in particular, our businesses that are for sale and classified as discontinued operations. Average prices for these materials during the first quarter of 2007 were about 20% higher than the same period in 2006.

As discussed above, our reorganization initiatives include working with our customers to recover a greater portion of our commodity materials costs.

Automotive Supplier Bankruptcies

Several major U.S. automotive suppliers, in addition to Dana, have filed for protection under Chapter 11 of the Bankruptcy Code since early 2005, including Tower Automotive, Inc., Collins & Aikman Corporation, Delphi Corporation and Dura Automotive Systems, Inc. These bankruptcy filings indicate stress in the North American light vehicle market that could lead to further filings or to competitor or customer reorganizations or consolidations that could impact the marketplace and our business.

North American Commercial Vehicle Market

Production Cyclicality

The North American commercial vehicle market was strong during 2006, primarily due to pre-buying of heavy-duty (Class 8) and medium-duty (Class 5-7) trucks in advance of the more stringent U.S. emission regulations that took effect at the beginning of 2007 and increased the prices of these trucks. As a result of the pre-buying, North American commercial vehicle truck build is expected to be down considerably in 2007.

First quarter 2007 production of Class 8 vehicles in North America was down about 19% from the first quarter of 2006, and Class 5-7 medium duty production was down 13% for the same periods. Nevertheless, first quarter 2007 production levels continued to benefit from pre-buying as engines built to the older emission standards that were on hand at the end of the year could still be used to satisfy customer orders. Commercial Vehicle build during the remainder of 2007 is expected to be down more significantly from levels of a year ago. Class 8 and medium-duty order backlogs at March 31, 2007 are off 65% and 40% from the same time last year. Full year 2007 production of Class 8 vehicles is expected to be around 200,000 units, compared to 369,000 units in 2006, and medium-duty truck build is forecast at about 200,000 units in 2007 compared to 265,000 units in 2006 (source: *ACT*).

Commodity Costs

The high commodity costs, in particular steel, affecting the North American light vehicle market have also impacted the commercial vehicle market, but this impact has been partially mitigated by our ability to recover material cost increases from our Commercial Vehicle customers.

New Business

A continuing major focus for us is growing our revenue through new business. We expect net new business to contribute approximately $260 and $130 to our sales in 2007 and 2008. While continuing to support Ford, GM and Chrysler, we are striving to diversify our sales across a broader customer base. Approximately 80% of our current book of net new business involves customers other than Ford, GM and Chrysler, and approximately 70% of this business is with other automotive manufacturers based outside North America.

United States Profitability

Our U.S. operations have generated losses before income taxes during the past five years aggregating more than $2,000. While numerous factors have contributed to our lack of profitability in the U.S., paramount among them are those discussed earlier in this report: high raw material costs that we have been absorbing, customer price reductions that have reduced our margins, competition from suppliers in countries with lower labor costs, and accumulated retiree healthcare costs disproportionate to the scale of our current business. As indicated in Note 3 to the financial statements in Item 1 of Part I, during the first three months of 2007, the Debtors experienced losses from continuing operations before income taxes of $61, including $32 of net reorganization costs. After adjusting for the reorganization items, the losses are indicative of our current and ongoing lack of U.S. profitability at current sales levels, underscoring the urgency of succeeding with our reorganization initiatives.

Results of Operations – Summary (First Quarter 2007 versus First Quarter 2006)

	For the Three Months Ended March 31, 2007	For the Three Months Ended March 31, 2006	Change
Net sales	$ 2,145	$ 2,197	$ (52)
Cost of sales	2,043	2,092	(49)
Gross margin	102	105	(3)
Selling, general and administrative expenses	96	119	(23)
Gross margin less SG&A*	6	(14)	20
Other costs and expenses			
Realignment charges	$ 19	$ 1	$ 18
Impairment of other assets		14	(14)
Other income, net	$ 46	$ 31	$ 15
Income from continuing operations before interest, reorganization items and income taxes	$ 33	$ 2	$ 31
Loss from continuing operations	$ (36)	$ (105)	$ 69
Loss from discontinued operations	$ (56)	$ (21)	$ (35)
Net loss	$ (92)	$ (126)	$ 34

* Gross margin less SG&A is a non-GAAP financial measure derived by excluding realignment charges, impairments and other income, net from the most closely related GAAP measure, which is income from continuing operations before interest, reorganization items and income taxes. We believe this non-GAAP measure is useful for an understanding of our ongoing operations because it excludes other income and expense items which are generally not expected to be part of our ongoing business.

Results of Operations (First Quarter 2007 versus First Quarter 2006)

The tables below show changes in our sales by geographic region, business unit and operating segment for the three months ended March 31, 2007 and 2006.

Geographical Sales Analysis

				Amount of Change Due To		
	2007	2006	Increase/ (Decrease)	Currency Effects	Acquisitions/ Divestitures	Organic Change
North America	$ 1,224	$ 1,372	$ (148)	$ (4)	$ (7)	$ (137)
Europe	562	465	97	51	(22)	68
South America	206	199	7	1		6
Asia Pacific	153	161	(8)	9	(5)	(12)
Total	$ 2,145	$ 2,197	$ (52)	$ 57	$ (34)	$ (75)

Segment Sales Analysis

				Amount of Change Due To		
	2007	2006	Increase/ (Decrease)	Currency Effects	Acquisitions/ Divestitures	Organic Change
ASG						
Axle	$ 611	$ 588	$ 23	$ 12	$ 15	$ (4)
Driveshaft	286	277	9	9	11	(11)
Sealing	176	177	(1)	7		(8)
Thermal	72	76	(4)	1		(5)
Structures	270	324	(54)			(54)
Other	5	32	(27)		(22)	(5)
Total ASG	1,420	1,474	(54)	29	4	(87)
HVTSG						
Commercial Vehicle	340	417	(77)	2	(38)	(41)
Off-Highway	384	301	83	26		57
Total HVTSG	724	718	6	28	(38)	16
Other Operations	1	5	(4)			(4)
Total	$ 2,145	$ 2,197	$ (52)	$ 57	$ (34)	$ (75)

Regional Review

Total sales of $2,145 in the first quarter of 2007 were $52 lower than in the first quarter of 2006. Currency translation effects, primarily a stronger euro, increased sales, partially offsetting the overall organic sales decline associated with reduced production levels in certain of our key markets. The 2006 acquisition of the axle and driveshaft operations of our former Mexican joint venture provided additional sales of $26 in 2007. However, these higher sales were more than offset by reductions of $38 due to the sale of our trailer axle business in January 2007 and by $22 from the 2006 divestiture of our European actuator systems operation.

The organic sales decline of 10% in North America reflects lower production levels in both the light vehicle and commercial vehicle markets. North American light vehicle production in the first quarter of 2007 was down 8%, with the production levels of our key platforms down about 9%. In the commercial vehicle market, production levels of Class 8 trucks were down 19% and medium duty production was 13% lower. Partially offsetting the production driven decreases was the impact of higher pricing from our reorganization initiatives of about $27 as discussed in the “Business Strategy” section.

In Europe, the sales increase of $97 included a positive translation impact of $51 – mostly from a stronger euro. The organic increase of $68 million was in large part due to strong production levels in the off-highway market where we have a significant European presence and to new business which came on stream in the first quarter of 2007. The organic sales reduction in Asia Pacific was due primarily to the expiration of an axle program in mid-2006 with a subsidiary of General Motors.

Business Segment Review

Our ASG operating segments were all impacted negatively in the first quarter of 2007 by the lower production levels in the North American light vehicle market. Our Axle segment was able to offset much of the impact from lower production levels with higher sales from new programs. Lower organic sales in the Driveshaft, Sealing and Thermal segments were due principally to lower production levels. In Structures, the sales decline was due to lower production levels and to the expiration of a frame program with Ford in 2006. The reduction from these two factors was partially offset by higher sales from the pricing initiatives discussed in the "Business Strategy" section.

In the HVTSG, our Commercial Vehicle segment is heavily concentrated in the North American market and the organic sales decline of 10% in this segment was primarily due to lower North American production levels. Organic sales in the Off-Highway segment have benefited from stronger production levels and sales from new programs. With its significant European presence, the stronger euro also resulted in higher sales for this segment.

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The chart below shows our business unit and segment margin analysis for the three months ended March 31, 2007 and 2006:

	As a Percentage of Sales		Increase /
	2007	2006	(Decrease)
Gross margin:			
ASG	3.9%	5.5%	(1.6)%
Axle	(0.1)	1.0	(1.1)
Driveshaft	5.8	12.1	(6.3)
Sealing	13.1	14.7	(1.6)
Thermal	10.6	17.5	(6.9)
Structures	3.7	2.1	1.6
HVTSG	9.0	7.5	1.5
Commercial Vehicle	5.5	4.3	1.2
Off-Highway	11.9	11.6	0.3
Selling, general and administrative expenses:			
ASG	3.4%	3.5%	(0.1)%
Axle	2.2	2.1	0.1
Driveshaft	3.2	3.7	(0.5)
Sealing	6.7	6.5	0.2
Thermal	5.1	3.5	1.6
Structures	1.7	1.8	(0.1)
HVTSG	3.4	3.9	(0.5)
Commercial Vehicle	3.7	3.9	(0.2)
Off-Highway	2.5	2.8	(0.3)
Gross margin less SG&A:*			
ASG	0.5%	2.0%	(1.5)%
Axle	(2.3)	(1.1)	(1.2)
Driveshaft	2.6	8.4	(5.8)
Sealing	6.4	8.2	(1.8)
Thermal	5.5	14.0	(8.5)
Structures	2.0	0.3	1.7
HVTSG	5.6	3.6	2.0
Commercial Vehicle	1.8	0.4	1.4
Off-Highway	9.4	8.8	0.6
Consolidated	0.3	(0.6)	0.9

* Gross margin less SG&A is a non-GAAP financial measure derived by excluding realignment charges, impairments and other income, net from the most closely related GAAP measure, which is income from continuing operations before interest, reorganization items and income taxes. We believe this non-GAAP measure is useful for an understanding of our ongoing operations because it excludes other income and expense items which are generally not expected to be part of our ongoing business.

In ASG, gross margin less SG&A declined from 2.0% in the first three months of 2006 to 0.5% in the first three months of 2007. Each of the ASG segments experienced lower organic sales as compared to 2006 mostly due to lower production levels. This lower volume of unit sales without proportionate reduction in fixed costs reduced overall margins. In the Axle segment net margins as a percent of sales were down 1.2% from 2006. Although an acquisition and new business added approximately $60 of sales, the margin contribution was minimal. These increases masked the sales reduction resulting from lower production levels on existing higher margin programs.

Partially offsetting the effect of lower production levels was a contribution of $8 from pricing improvement actions. Net margins in the Driveshaft segment were down significantly – 5.8%. The Mexican driveshaft operation that was acquired in mid-2006 generated losses of $8, in part due to start up costs associated with the transition of business from the U.S. Additionally, costs in the U.S. of closing Driveshaft's Bristol operation and transferring the business to Mexico added another $2 of cost. Driveshaft margins were also negatively impacted by $8 due to replacing a discontinued customer program with new business which carried lower margins and significant launch costs, and by $4 due to higher raw material costs compared to the first quarter of 2006. In the Sealing segment, the margin reduction of 1.8% of sales was due principally to higher material costs for stainless steel and nickel. Higher raw material costs, most notably aluminum, also reduced margins in our Thermal segment. Margins in Thermal were also negatively impacted by the lower production levels, start-up costs associated with a new operation in Hungary and some new program launch costs. The Structures segment, while experiencing the largest percentage decline in organic sales, had quarter-over-quarter net margin improvement of 1.7%. More than offsetting the impact from lower sales was $16 margin improvement, $6 of which resulted from one-time program cost recoveries.

Gross margin less SG&A in HVTSG improved from 3.6% in the first three months of 2006 to 5.6% in the first three months of 2007. Commercial Vehicle net margins as a percent of sales improved 1.4% as the margin reduction associated with the lower production levels and loss of the trailer axle business was more than offset by pricing improvement, lower material costs and reduced SG&A. Price increases with certain major customers in this segment were implemented in the second half of 2006, with additional pricing improvement from the reorganization actions discussed in the "Business Strategy" section effectuated during this year's first quarter. The quarter-over-quarter margin improvement from pricing amounted to $8. Lower material costs contributed $5, while reduced SG&A added another $3. In the Off-Highway segment, the margin improvement of 0.6% of sales was due primarily to higher sales volume. Lower material costs improved margins, but this was largely offset by higher warranty cost.

Corporate expenses and other costs not allocated to the business units reduced gross margins less SG&A by 2.0% for the first three months of 2007 as compared to 3.1% in the same period in 2006, thereby contributing to the 0.9% improvement in consolidated gross margin less SG&A. First quarter 2006 expenses included $4 of pension settlement cost triggered by high levels of lump sum pension fund distributions and approximately $6 of higher costs associated with advisory and other fees incurred in connection with the arrangement of replacement financing and other projects which were discontinued with our bankruptcy filing in March 2006. The lower corporate and other expenses as a percent of sales in 2007 also resulted from manpower and other cost reductions.

Realignment charges

Realignment charges during the first quarter of 2007 were primarily costs incurred in connection with the continuing manufacturing footprint optimization actions and $8 of costs relating to the U.K. restructuring, both of which are described in the "Business Strategy" section.

Impairment of assets

An impairment charge of $14 was recorded in the first quarter of 2006 to reduce lease and other assets in DCC to their fair value less cost to sell.

Other income (expense)

The increase in other income is due primarily to the inclusion of $14 of gain from the sale of the trailer axle business. See Note 17 to the financial statements in Item 1 of Part 1 for additional components of other income.

Interest expense

As a result of our Chapter 11 reorganization process, a substantial portion of our debt obligations are now subject to compromise. Effective with our filing for reorganization under Chapter 11, interest expense is no longer accrued on these obligations. The post-filing interest expense not recognized in the first three months of 2007 on these obligations amounted to $27, compared to $8 not recognized for this period in 2006.

Reorganization items

Reorganization items are primarily expenses directly attributed to our Chapter 11 reorganization process. See Note 2 to our financial statements in Item 1 of Part I for a summary of these costs. Professional advisory fees in the first three months of 2007 included costs associated with completing the restructuring of our pension obligations in the U.K. and implementing a new European financing program and organization. These initiatives were largely completed during the first quarter. Reorganization items reported in the three months ended March 31, 2006 included debt valuation adjustments on pre-petition liabilities and underwriting fees related to the DIP Credit Agreement that were one-time charges associated with the initial phase of the reorganization. In the first quarter of 2007, in lieu of these one-time charges, the reorganization items consisted primarily of higher ongoing professional advisory fees due to an increased level of reorganization initiatives and the activities of the official committees appointed by the Bankruptcy Court.

Income tax benefit (expense)

Since we are not recognizing tax benefits on our U.S. losses given their uncertain recoverability, the tax provision relates primarily to our non-U.S. operations. This is the primary reason why income tax expense of $15 in 2007 and $22 in 2006 differs from a tax benefit of $9 in 2007 and $32 in 2006 that would be expected based on the 35% U.S. statutory income tax rate.

Discontinued Operations

In October 2005, our Board of Directors approved the divestiture of our engine hard parts, fluid products and pump products operations and we started to report these businesses as discontinued operations. In the motions and affidavits presented to the Bankruptcy Court on the Filing Date, we advised the Bankruptcy Court of our plan to sell these discontinued operations, subject to Bankruptcy Court approval. The engine hard parts business was sold in March 2007.

The net sales and the net income (loss) from discontinued operations of these businesses for the three months ended March 31, 2007 and 2006, aggregated by operating segment, are shown in the table below.

	Three Months Ended March 31,	
Sales	**2007**	**2006**
ASG		
Engine	$ 153	$ 179
Fluid	104	121
Pump	21	25
Total Discontinued Operations	$ 278	$ 325

	Three Months Ended March 31,	
Net Loss	**2007**	**2006**
ASG		
Engine	$ (56)	$ (3)
Fluid	(3)	(21)
Pump	3	(1)
Total ASG	(56)	(25)
Other		4
Total Discontinued Operations	$ (56)	$ (21)

Since October 2005, we have adjusted the underlying net assets of the discontinued operations to their net fair value less cost to sell from time to time based on the profit outlook for these businesses, discussions with potential buyers and other factors impacting expected sale proceeds. Valuation adjustment charges for the three months ended March 31, 2007, of less than $1 relating to the fluid routing and pump businesses are reported as impairment. Valuation adjustment charges of $28 were recorded in the first quarter of 2006. The 2007 net loss in Engine includes a loss of $26 on the sale of the engine hard parts business.

Liquidity

During the first quarter, we took several steps to ensure adequate liquidity for all of our operations for the expected duration of the Chapter 11 proceedings, including the funding of our restructuring initiatives. As discussed elsewhere in this quarterly report, we:

- Increased the size of our DIP Credit Agreement;
- Negotiated a settlement with the Retiree Committee related to post-retirement, non-union benefits;
- Borrowed funds in the U.K. for pension settlement;
- Sold our interest in GETRAG;
- Sold our engine products business;
- Sold our trailer axle business; and
- Received a commitment for the establishment of a $225 five-year accounts receivable securitization program with respect to our European operations.

In addition, substantial progress has been made with our reorganization initiatives which both improves and clarifies our operational performance and liquidity outlook. As a result of these actions, we believe that our liquidity will be adequate to finance our business through our emergence from bankruptcy.

The following table summarizes our global liquidity at March 31, 2007:

Cash	$ 1,250
Less:	
U.K. pension settlement deposit	(93)
Other cash deposits	(93)
DCC cash	(53)
Cash in less than wholly-owned subsidiaries	(79)
Available Cash	932
Additional cash availability from:	
Lines of credit in the U.S. and Canada	241
Collateralized international lines	73
Total Global Liquidity	$ 1,246

The Debtors have $517 of these funds directly available to them at March 31, 2007, with plans to repatriate $130 or more from divestitures and financing proceeds.

A recap of the changes in cash and cash equivalents for the three months ended March 31, 2007 and 2006 is shown in the following tables:

Cash flow summary:	2007	2006
Cash and cash equivalents at beginning of period	$ 719	$ 762
Cash provided by (used in) operating activities	(17)	15
Cash provided by (used in) investing activities	274	(46)
Cash provided by financing activities	265	136
Increase in cash and cash equivalents	522	105
Impact of foreign exchange and discontinued operations	9	(2)
Cash and cash equivalents at end of period	$ 1,250	$ 865

Cash flows from operating activities:	2007	2006
Net loss	$ (92)	$ (126)
Depreciation and amortization	70	67
Charges related to divestitures and asset sales	15	43
Reorganization items, net	27	27
Other	15	48
	35	59
Change in working capital	(52)	(44)
Cash flows from operating activities	$ (17)	$ 15

Cash of $17 was used by operating activities in the first three months of 2007 as compared to cash of $15 provided in the same period of 2006. We typically experience an increase in working capital during the first quarter of 2007 due primarily to trade receivables being customarily lower at the end of the calendar year as customer production levels are lighter during the holiday season. During the first quarter of 2007, the seasonal increase in receivables was partially offset by increased accounts payable and other accrued liabilities in part due to normal seasonality, but also due to continued progress with extending supplier payment dates. Operating cash flow, excluding working capital, was lower in 2007 in part due to payments made on employee benefits and other non-current liabilities which offset improved gross margin less SG&A, and lower cash payments for reorganization items.

Cash flows from investing activities:	2007	2006
Purchases of property, plant and equipment	$ (39)	$ (94)
Proceeds from sale of businesses	303	26
Proceeds from sale of DCC assets	25	
Other	(15)	22
Cash flows from investing activities	$ 274	$ (46)

Divestitures of the engine hard parts business and the trailer axle business and the sale of our investment in GETRAG provided cash of $303 in the first quarter of 2007. Proceeds from DCC investment related actions generated $25. Expenditures for property, plant and equipment were lower than last year's first quarter in part due to timing. Capital investment in last year's first quarter was higher because we had delayed some expenditures during the second half of 2005. Although we expect the full year capital expenditures to be lower in 2007 than 2006, expenditures during the remainder of the year will be at higher levels than in the first quarter in line with new program and manufacturing footprint optimization requirements.

Cash flows from financing activities:	2007	2006
Net change in short-term debt	$ (2)	$ (565)
Proceeds from debtor-in-possession facility		700
Proceeds from U.K. bank loan	67	
Issuance of long-term debt	200	5
Payments of long-term debt		(4)
Cash flows from financing activities	$ 265	$ 136

During the first quarter of 2007, we borrowed an additional $200 under the DIP Credit Agreement. We also borrowed $67 under a short-term financing arrangement in the U.K. to facilitate the restructuring of our pension obligations. The proceeds from this U.K. borrowing were placed in escrow and used to satisfy the settlement payment in April 2007. In the first quarter of 2006, we borrowed $700 under the DIP Credit Agreement in connection with our bankruptcy filing. These proceeds were used in part to repay obligations under our previous bank facility and an accounts receivable securitization program.

Financing Activities

Non-U.S. Activity

At March 31, 2007, cash and cash equivalents held in the U.S. amounted to $461, including $72 of cash deposits to provide credit enhancement for certain lease agreements and to support surety bonds that allow us to self-insure our workers' compensation obligations, and $53 held by DCC, a non-Debtor subsidiary whose cash is restricted by the Forbearance Agreement discussed in Note 2 to our financial statements in Item 1 of Part I.

At March 31, 2007, cash and cash equivalents held outside the U.S. amounted to $789, including $21 of cash deposits to provide credit enhancement for certain lease agreements and to support surety bonds that allow us to self-insure our workers' compensation obligations and cash of $93 that was placed in escrow to facilitate completion of an agreement to settle our pension obligations in that country. The escrowed cash was used to pay the settlement in April 2007. A substantial portion of our cash and cash equivalents held in overseas locations is retained for working capital and other operating purposes. Several countries also have local regulatory requirements that significantly restrict the ability of the Debtors to access cash. Our cash and cash equivalents also included $79 held by entities that are majority owned and consolidated by Dana, but which have third party minority ownership with varying levels of participation rights involving cash withdrawals.

Certain of our international operations had intercompany loan obligations to the U.S. totaling $689 at March 31, 2007. These intercompany loans resulted from certain international operations having received cash or other forms of financial support (i) from the U.S. to finance their activities, and from certain entities having received cash or other forms of financial support from the U.S. to finance their activities, and (ii) from the U.S. entities transferring their ownership in certain entities in exchange for intercompany notes, and (iii) from certain entities having declared a dividend in kind in the form of a note payable. We are developing additional credit facilities in certain of these foreign domains to generate cash which could be used for intercompany loan repayment or other methods of repatriation. The change from no longer having an indefinite repayment date on certain foreign currency denominated loans requires us to recognize in earnings the effect of currency movements on the carrying value of these loans. In March 2007, certain of our European subsidiaries received a commitment from GE Leveraged Loans Limited for the establishment of a five-year accounts receivable securitization program that will provide our European subsidiaries with up to the euro equivalent of $225 in available financing. A significant portion of the proceeds from these actions is expected to be repatriated to the U.S. in 2007.

DIP Credit Agreement

Dana Corporation, as borrower, and its Debtor subsidiaries, as guarantors, are parties to the DIP Credit Agreement that was approved by the Bankruptcy Court in March 2006. Under the DIP Credit Agreement, we currently have a $650 revolving credit facility and a $900 term loan facility. In the first quarter of 2007, the original term loan facility was increased by $200 and we reduced the original revolving credit facility by $100 to correspond with the lower availability in our collateral base. For a discussion of the terms of the DIP Credit Agreement, see Note 10 to our consolidated financial statements in Item 8 of our 2006 Form 10-K.

At March 31, 2007, we had borrowed $900 under the DIP Credit Agreement. Based on our borrowing base collateral, we had availability at that date under the DIP Credit Agreement of $182 after deducting the $100 minimum availability requirement and $307 for outstanding letters of credit. All obligations under the DIP Credit Agreement will become due and payable no later than March 2008. We expect to refinance these obligations as part of the plan of emergence from bankruptcy. However, since refinancing these obligations on a long-term basis is not presently assured, we have classified the borrowings under the DIP Credit Agreement as a current liability at March 31, 2007.

Canadian Credit Agreement

Dana Canada and certain of its Canadian affiliates are parties to the Canadian Credit Agreement. The Canadian Credit Agreement provides for a $100 revolving credit facility, of which $5 is available for the issuance of letters of credit. At March 31, 2007, $2 was utilized under the facility for the issuance of letters of credit and there were no borrowings. Dana Canada must maintain a minimum availability of $20 under the Canadian Credit Agreement. Based on Dana Canada’s borrowing base collateral, at March 31, 2007, it had availability of $59 after deducting the $20 minimum availability requirement and $2 for currently outstanding letters of credit.

United Kingdom Financing

In connection with the restructuring of our U.K. pension obligations (See Note 6), we borrowed $67 under a short-term interim bank loan. Proceeds from recent divestitures will be used to repay the loan by its October 31, 2007 maturity date.

Cash Obligations

We are obligated to make future cash payments in fixed amounts under various agreements. These include payments under our long-term debt agreements, rent payments under operating lease agreements and payments for equipment, other fixed assets and certain raw materials under purchase agreements. In the first quarter of 2007, there were no significant changes in the cash obligations reported in Item 7 of our 2006 Form 10-K.

Contingencies

Impact of Our Bankruptcy Filing

Under the Bankruptcy Code, the filing of our petition on March 3, 2006 automatically stayed most actions against us. Substantially all of our pre-petition liabilities will be addressed under our plan of reorganization, if not otherwise addressed pursuant to orders of the Bankruptcy Court.

Class Action Lawsuit and Derivative Actions

There is a consolidated securities class action *(Howard Frank v. Michael J. Burns and Robert C. Richter)* pending in the U.S. District Court for the Northern District of Ohio naming our CEO, Mr. Burns, and our former CFO, Mr. Richter, as defendants. The plaintiffs in this action allege violations of the U.S. securities laws and claim that the price at which Dana's shares traded at various times between February 2004 and November 2005 was artificially inflated as a result of the defendants' alleged wrongdoing. In February 2007, lead plaintiff in the *Frank* action filed a motion for an order partially lifting the statutory discovery stay in this action to enable it to obtain copies of certain documents produced to the SEC. Defendants opposed that motion and, following a hearing on May 4, 2007, the matter is now under consideration by the District Court. There is also a shareholder derivative action *(Roberta Casden v. Michael J. Burns, et al.)* pending in the same court naming our current directors, certain former directors and Messrs. Burns and Richter as defendants. The derivative claim in this case, alleging breaches of the defendants' fiduciary duties to Dana, has been stayed. The plaintiff in the *Casden* action has also asserted class action claims alleging a breach of duties that purportedly forced Dana into bankruptcy. The defendants moved to dismiss or stay the class action claims in these cases and a hearing on these motions was held in January 2007. The court has not yet ruled on the motions. A second shareholder derivative suit *(Steven Staehr v. Michael Burns, et al.)* remains pending and stayed. Due to the preliminary nature of these lawsuits, we cannot at this time predict their outcome or estimate Dana's potential exposure. While we have insurance coverage with respect to these matters and do not currently 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, there is no assurance that any uninsured loss would not be material.

SEC Investigation

The SEC is conducting an investigation with respect to matters related to the restatement of our financial statements for the first two quarters of 2005 and fiscal years 2002 through 2004. The investigation is a non-public, fact-finding inquiry to determine whether any violations of law have occurred. The investigation was not suspended as a result of our bankruptcy filing and we are continuing to cooperate fully with the SEC in the investigation.

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. 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.

Asbestos-Related Product Liabilities

Under the Bankruptcy Code, our pending asbestos-related product liability lawsuits, as well as any new lawsuits against us alleging asbestos-related claims, have been stayed during our reorganization process. However, some claimants may still file proofs of asbestos-related claims in the Bankruptcy Cases. The September 21, 2006 claims bar date did not apply to claimants alleging asbestos-related personal injury claims, but it was the deadline for claimants (including insurers) who are not one of the allegedly injured individuals or their personal representatives to file proofs of claim with respect to other types of asbestos-related claims. Our obligations with respect to asbestos claims will be addressed in our plan of reorganization, if not otherwise addressed pursuant to orders of the Bankruptcy Court.

We had approximately 72,000 active pending asbestos-related product liability claims at March 31, 2007, compared to 73,000 at December 31, 2006, including approximately 6,000 claims at both dates that were settled but awaiting final documentation and payment. We had accrued $57 for indemnity and defense costs for pending asbestos-related product liability claims at March 31, 2007, compared to $61 at December 31, 2006. We project indemnity and defense cost for pending cases using the same methodology we use for projecting potential future liabilities. Given the inherent variability of our key assumptions, we estimate our potential liability for pending and future cases, through 2021 within a range of $138 to $199. Since the outcomes within that range are equally probable, we accrue the lower end of the range. While the process of estimating future demands is highly uncertain beyond 2021, we believe there are reasonable circumstances in which our expenditures related to asbestos-related product liability claims after that date would be *de minimis.*

Prior to 2006, we reached agreements with some of our insurers to commute policies covering asbestos-related product claims. We apply proceeds from insurance commutations first to reduce any recorded recoverable amount. Proceeds from commutations in excess of our estimated receivable recorded for pending claims and future demands are recorded as a liability for future demands. There were no commutations of insurance in the first quarter of 2007. At March 31, 2007, our liability for future demands under prior commutations totaled $11, bringing our total recorded liability for asbestos related product liability to $149.

At March 31, 2007, we had recorded $71 as an asset for probable recovery from our insurers for our pending and projected asbestos-related product liability claims, compared to $72 recorded at December 31, 2006. The asset recorded represents 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. These recoveries assume elections to extend existing coverage that we intend to exercise in order to maximize our insurance recovery. The assets recorded do 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.

In addition, we had a net amount recoverable from our insurers and others of $16 and $14 at March 31, 2007 and December 31, 2006. The recoverable represents reimbursements for settled asbestos-related product liability claims, including billings in progress and amounts subject to alternate dispute resolution proceedings with some of our insurers. As a result of the stay in our asbestos litigation during the reorganization process, we do not expect to make any asbestos-related claims payments in the near term. However, we are continuing to pursue insurance collections with respect to asbestos-related amounts paid prior to the Filing Date.

Other Product Liabilities

We had accrued $8 for non-asbestos product liability costs at March 31, 2007, compared to $7 at December 31, 2006, with no recovery expected from third parties at either date. 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

We had accrued $59 for environmental liabilities at March 31, 2007, compared to $64 at December 31, 2006. We estimate these liabilities based on the most probable method of remediation, current laws and regulations and existing technology. Estimates are made on an undiscounted basis and exclude the effects of inflation. If there is a range of equally probable remediation methods or outcomes, we accrue the lower end of the range. The difference between our minimum and maximum estimates for these liabilities was $3 and $1 at March 31, 2007 and December 31, 2006.

Included in these accruals are amounts relating to the Hamilton Avenue Industrial Park site in New Jersey, where we are one of four PRPs under Superfund. We review our estimate of our liability for this site quarterly. Our total estimated liability for this site at March 31, 2007 was approximately $16. Our liability has been estimated based on our status as a passive owner of the property during a period when some of the contaminating activity occurred and assumes that the other PRPs will be able to honor their fair share of liability for site related costs. As with any Superfund matter, should this not be the case, our actual costs could increase. The EPA has filed claims exceeding $200 with the Bankruptcy Court, as an unsecured creditor, for all unreimbursed past and future response costs at this site, civil penalties, punitive and stipulated damages, and alleged damages to natural resources. The support behind the EPA's claims provides no cost studies or other information which we have not already assessed in establishing the liability above. Based on our current information, we do not believe there is a reasonably estimable liability for this site beyond that which we have recorded.

Other Liabilities Related to Asbestos Claims

Until 2001, most of our asbestos-related claims were administered, defended and settled by the Center for Claims Resolution (CCR), which settled claims for its member companies on a shared settlement cost basis. In 2001, the CCR was reorganized and discontinued negotiating shared settlements. Some former CCR members have defaulted on the payment of their shares of some of the CCR-negotiated settlements and some of the settling claimants have sought payment of the unpaid shares from Dana and the other companies that were members of the CCR at the time of the settlements. We have been working with the CCR, other former CCR members, our insurers and the claimants over a period of years to resolve these issues. Through March 31, 2007, we had paid $47 to claimants and collected $29 from our insurance carriers with respect to these claims. At March 31, 2007, we had a net receivable of $13 that we expect to recover from available insurance and surety bonds relating to these claims. We are continuing to pursue insurance collections with respect to asbestos-related claims paid prior to the Filing Date.

Assumptions

The amounts we have recorded for asbestos-related liabilities and recoveries are based on assumptions and estimates reasonably derived from our historical experience and current information. The actual amount of our liability for asbestos-related claims and the effect on us could differ materially from our current expectations if our assumptions about the outcome of the pending unresolved bodily injury claims, the volume and outcome of projected future bodily injury claims, the outcome of claims relating to the CCR negotiated settlements, the costs to resolve these claims and the amount of available insurance and surety bonds prove to be incorrect, or if U.S. federal legislation impacting asbestos personal injury claims is enacted. Although we have projected our liability for future asbestos-related product liability claims based upon historical trend data that we consider to be reliable, there is no assurance that our actual liability will not differ from what we currently project.

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 2006 Form 10-K.

Tax Rates

For purposes of preparing our interim financial statements, we utilize an estimated annual effective tax rate for ordinary items that is re-evaluated each period based on changes in the components used to determine the annual effective rate.

Retiree Benefits

Under SFAS No. 158, we record on the balance sheet any unfunded liabilities associated with defined benefit pension and other postretirement obligations, as well as any assets exceeding plan obligations.

We use several key assumptions to determine our obligations, funding requirements and expense for our defined benefit retirement plans. These key assumptions include the long-term estimated rate of return on plan assets and the interest rate used to discount the pension obligations. Our assumptions were last revised in December 2006. Considering census changes from the end of 2006, current interest rate levels and other factors, we believe that our 2007 U.S. pension obligation will decline somewhat, with pension expense increasing slightly as a result of actuarial loss amortization. We currently estimate that 2007 contributions to our U.S. pension plans will require a cash outlay of approximately $35, up slightly from 2006 contributions of approximately $32.

Expense of medical and life insurance benefits provided to U.S. retired employees under postretirement benefit plans will also be impacted by changes in our assumptions. The discount rate used to value these liabilities at the end of 2006 was 5.86%. Based on reduced employee levels and other factors, we believe that our postretirement medical and life insurance obligations and expense in the U.S. will decline somewhat in 2007. These obligations are not funded. Benefit payments to retirees in 2007 were expected to approximate $120 before the benefit reduction action discussed in the “Business Strategy” section. Actual payments to retirees, or plans established for their benefit, will depend on the outcome of the related Bankruptcy Court proceedings.

The estimates of program obligations, expense, contributions and benefit payments described above do not include the impact of certain contemplated reorganization initiatives relating to the U.S. pension and postretirement programs that are described above in the “Business Strategy” section. With Bankruptcy Court approval in March 2007, effective April 1, 2007, we eliminated postretirement medical benefits for U.S. non-union employees.

Our international defined benefit pension plans and postretirement benefit programs cover substantially fewer employees and the impact of changes in key assumptions would not be of the same magnitude as those of the domestic plans. The ultimate impact on our financial condition and results of operations of estimates used in valuing the U.S. and international pension and postretirement programs will depend on the actual assumptions used for interest rates, discount rates, health care trend rates, and other factors.

Long-lived Asset and Goodwill Impairment

We perform periodic impairment analyses on our long-lived assets (such as property, plant and equipment, carrying amount of investments, and goodwill) whenever events and circumstances indicate that the carrying amount of such assets may not be recoverable. The recoverability of long-lived assets is determined by comparing the forecasted undiscounted net cash flows of the operations to which the assets relate to their carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, the long-lived assets (excluding goodwill) are written down to fair value, as determined based on discounted cash flows or other methods providing best estimates of value. In assessing the recoverability of goodwill recorded by a reporting unit, we make projections regarding estimated future cash flows and other factors affecting the fair value of the reporting unit. By their nature, these assessments require significant estimates. Since the assessment completed in connection with the filing of our financial statements on 2006 Form 10K, there have not been any significant events or developments requiring additional assessment.

Asset impairments often result from significant actions like the discontinuance of customer programs and facility closure. In the ”Business Strategy” section, we discuss a number of reorganization initiatives that are in process or planned, which include customer program evaluations and manufacturing footprint assessments. While at present no final decisions have been made which require asset impairment recognition, future decisions in connection with the reorganization initiatives could result in future asset impairment losses.

Impairments are possible if there is significant deterioration in our projected cash flows. Our cash flows could be reduced due to customer production cutbacks, our inability to increase prices to customers or reduce prices from suppliers or delays in implementing cost reduction and operating efficiencies. Our Axle and Structures segments in ASG have significant business with domestic automobile manufacturers and are presently at the greatest risk to future impairment of their long-lived assets should they be unable to meet their forecasted cash flow targets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of market risks, including fluctuations in foreign currency exchange rates, adverse movements in commodity prices for products we use in our manufacturing and adverse changes in interest rates. To reduce our exposure to these risks, we maintain risk management controls to monitor these risks and take appropriate actions to attempt to mitigate such risks. There have been no material changes to the market risk exposures discussed in Item 7A of our 2006 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 CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Based on the continued existence of the material weaknesses discussed in Item 9A of our 2006 Form 10-K, management, including our CEO and CFO, has concluded that our disclosure controls and procedures were not effective as of March 31, 2007.

For more information about the material weaknesses, their impact on our disclosure controls and procedures and our internal control over financial reporting, and the actions we have taken or are planning to take to remediate them, see Item 9A of our 2006 Form 10-K.

Changes in Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP.

With the participation of our CEO and CFO, our management evaluates any changes in our internal control over financial reporting that occurred during each fiscal quarter which materially affected, or are reasonably likely to affect, such internal control.

During the first quarter of 2007, we took the following actions that management believes have materially strengthened our internal controls over financial reporting:

- Dana Management employees worldwide are in the process of completing new training on our updated *Standards of Business Conduct;*
- We scheduled training sessions for GAAP and internal controls covering global operations for 2007;
- We expanded the practice of regular review of open internal control issues and related remediation efforts in senior management review meetings to establish a tone of increased responsibility and accountability for maintaining strong internal controls;
- We initiated projects to consolidate accounting functions to fewer locations to create concentration of expertise around specific functions;
- We implemented a program to eliminate remaining unremediated control issues in the first half of 2007; and
- We implemented the outsourcing of internal audit and compliance support to Ernst & Young, LLP effective in January 2007.

Turnover in our finance and information technology functions, which we attribute to the uncertainty surrounding the reorganization process, continued in the first quarter of 2007. We are addressing the situation through reassignment of internal resources, recruitment of additional qualified personnel, and the utilization of temporary resources.

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CEO and CFO Certifications

The Certifications of our CEO and CFO that are attached to this report as Exhibits 31-A and 31-B 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 2006 Form 10-K for a more complete understanding of the matters covered by the Certifications.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Dana Corporation and forty of its wholly owned subsidiaries are operating under Chapter 11 of the Bankruptcy Code. Under the Bankruptcy Code, the filing of the petitions for reorganization automatically stayed most actions against the Debtors, including most actions to collect on pre-petition indebtedness or to exercise control over the property of the bankruptcy estates. Substantially all of our pre-petition liabilities will be addressed under our plan of reorganization, if not otherwise addressed pursuant to orders of the Bankruptcy Court.

As discussed in Note 14 to our financial statements in Item 1 and in Item 2 of Part I, our CEO, former CFO, and certain current and former directors are parties to a pending pre-petition securities class action and pending pre-petition shareholder derivative actions, and 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 are also cooperating with a formal investigation by the SEC with respect to matters related to the restatement of our financial statements for the first two quarters of 2005 and fiscal years 2002 through 2004.

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 are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

ITEM 6. EXHIBITS

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

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Dana Corporation
	(Registrant)
Date: May 10, 2007	/s/ Kenneth A. Hiltz
	Kenneth A. Hiltz Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description	Method of Filing or Furnishing
10-O(1)	Partial Closing Agreement made on March 14, 2007, by and among Dongfeng Motor Co. Ltd., Dongfeng (Shiyan) Industrial Company, Dongfeng Motor Corporation and Dana Mauritius Limited	Filed with this report; portions omitted pursuant to a request for confidential treatment
10-O(2)	Amendment to the Equity Joint Venture Contract made on March 14, 2007, by and among Dongfeng Motor Co. Ltd., Dongfeng (Shiyan) Industrial Company, Dongfeng Motor Corporation and Dana Mauritius Limited	Filed with this report; portions omitted pursuant to a request for confidential treatment
10-V	Agreement as to Structure of Settlement and Allocation of Debt dated 27 February 2007	Filed with this report
31-A	Rule 13a-14(a)/15d-14(a) Certification by Chief Executive Officer	Filed with this report
31-B	Rule 13a-14(a)/15d-14(a) Certification by Chief Financial Officer	Filed with this report
32	Section 1350 Certifications	Furnished with this report

Exhibit 10-O(1)

DONGFENG MOTOR CO., LTD.

DONGFENG (SHIYAN) INDUSTRIAL COMPANY

DONGFENG MOTOR CORPORATION

and

DANA MAURITIUS LIMITED

PARTIAL CLOSING AGREEMENT

THIS PARTIAL CLOSING AGREEMENT is made on March 14th, 2007 (this ***Agreement***).

Between

(1) **DONGFENG MOTOR CO., LTD.**, a Sino-Japanese equity joint venture with limited liability duly established and validly existing under the laws the People's Republic of China whose registered address is at 84 Baiye Road, Wuhan Economic Development Zone, Wuhan, Hubei Province, People's Republic of China (***DFL***). The legal representative of DFL is Xu Ping, a national of the PRC, who holds the position of chairman of the board.

(2) **DONGFENG (SHIYAN) INDUSTRIAL COMPANY**, a company with limited liability duly established and validly existing under the laws the People's Republic of China whose registered address is at No. 66 Gongyuan Road, Shiyan, Hubei Province, People's Republic of China (***Dongfeng Industry***). The legal representative of Dongfeng Industry is Li Zhenhua, a national of the PRC, who holds the position of chairman of the board.

(3) **DONGFENG MOTOR CORPORATION**, a state-owned enterprise with limited liability duly established and validly existing under the laws the People's Republic of China whose registered address is at No. 1 Checheng Road, Shiyan, Hubei Province, People's Republic of China (***DFM***). The legal representative of DFM is Xu Ping, a national of the PRC, who holds the position of general manager.

(4) **DANA MAURITIUS LIMITED**, a company with limited liability duly established and validly existing under the laws of the Republic of Mauritius whose principal place of business is at Level 6, One Cathedral Square, Pope Hennessy Street, Port Louis, Mauritius (***Dana***). The legal representative of Dana is Phillip A. Rotman II, a national of the USA, who holds the position of Director.

For the purpose of this Agreement, each of DFL, Dongfeng Industry, DFM and Dana is referred to as a ***Party***, and collectively referred to as the ***Parties***.

Whereas

(A) Dongfeng Dana Axle Co., Ltd. (Business License Registration Number 4206001330066) is a joint venture company with limited liability duly established and validly existing under the laws of the People's Republic of China whose registered address is at 10th Floor, Torch Building, Hi-Tech Industry Development Zone, Xiangfan, Hubei Province, PRC (the ***Company***).

(B) DFL, Dongfeng Industry, DFM and Dana entered into a Sale and Purchase Agreement (the ***SPA***) on March 10, 2005. It was contemplated under the SPA that Dana would purchase the entire equity interests in the Company held by DFM and Dongfeng Industry respectively and an additional twenty nine point two three percent (29.23%) equity interest in the Company held by DFL with an aggregate percentage of interest in the Company to be purchased by Dana totalling fifty percent (50%).

(C) DFL and Dana entered into a Joint Venture Contract (the ***Contract***) on March 10, 2005. It was contemplated under the Contract that, upon the completion of the sale and purchase by Dana of the fifty percent (50%) equity interest in the Company pursuant to the SPA, the Company would be converted into a Sino-foreign joint venture with DFL and Dana each holding a fifty percent (50%) equity interest therein.

(D) Dana Corporation filed for U.S. bankruptcy protection on March 3, 2006.

(E) Upon friendly consultations, the Parties contemplate that, instead of completing the purchase by Dana of the entire fifty percent (50%) equity interest in the Company from DFL, Dongfeng Industry and DFM, the purchase by Dana of a four percent (4%) equity interest in the Company held by DFL for RMB 38,800,000 would be completed as soon as practicable and that Dana would purchase an additional forty six percent (46%) equity interest in the Company from DFL, Dongfeng Industry and DFM after April 1, 2008 but within three years starting from the date on which the Company's new business license has been issued.

(F) It is contemplate that, upon the completion of the sale and purchase by Dana of the four percent (4%) equity interest in the Company pursuant to the preceding paragraph, the Company would be converted into a Sino-foreign joint venture with DFL, Dongfeng Industry, DFM and Dana each holding a seventy five point two three percent (75.23%), ten point nine six percent (10.96%), nine point eight one percent (9.81%) and four percent (4%) equity interest in the Company respectively.

(G) It is contemplated that DFL and Dana shall complete the transfer of the four percent (4%) equity interest in the Company held by DFL based on the terms and conditions set out in this Agreement.

Now Therefore, it is agreed as follows:

1. **Definitions and Interpretation**

1.1 Unless the context otherwise requires, the defined words and expressions used in this Agreement shall have the same meanings as those used in the SPA.

1.2 Headings are inserted for convenience only and shall not affect the construction of this Agreement.

2. **Partial Transfer and Consideration**

2.1 Notwithstanding the provisions stated in the SPA, the Parties agree that DFL will transfer and Dana will acquire four percent (4%) equity interest in the Company (the ***Transferred Equity***) free from Encumbrance (as defined in the SPA) and together with all rights attached thereto pursuant to the terms and conditions of this Agreement. The Parties agree that such transfer shall be completed as soon as possible instead of having Dana acquiring the entire fifty percent (50%) equity interest of the Company from DFL, Dongfeng Industry and DFM respectively.

2.2 Each of Dongfeng Industry and DFM hereby consents to the transfer of the Transferred Equity and provides DFL and Dana with their respective waiver for the exercise of their first right of refusal with regard to the Transferred Equity.

2.3 For the avoidance of doubt, completion of the transfer of the Transferred Equity pursuant to this Agreement shall not be construed as completing the transfer of the Transferred Interests as set out under the SPA.

2.4 The consideration payable for the Transferred Equity shall be RMB38,800,000. Such payment shall be made available to DFL within ten (10) Business Days after the date that the Approval Authority has approved the transfer of the four percent (4%) equity interest in the Company with the letter of approval and the approval certificate indicating DFL, Dongfeng Industry, DFM and Dana's respective shareholding as seventy five point two three percent (75.23%), ten point nine six percent (10.96%), nine point eight one percent (9.81%) and four percent (4%), and otherwise containing terms generally consistent with the Parties' intention as reflected in this Agreement and the Contract as amended, and that SAIC has issued a new business license to the Company on this basis (the date of such payment shall hereinafter be referred to as the ***Completion Date***).

3. **Waiver of the Conditions Precedent**

3.1 The Parties hereby agree to waive each and every condition precedent listed under Clause 3 and Schedule 3.1 of the SPA, except to the extent that any such condition precedent has already been fulfilled on or prior to the transfer of the Transferred Equity as contemplated herein by the Parties in writing. Notwithstanding the above, the Parties acknowledge that Dana is currently conducting certain product testing, Condition 3.1(i) of Schedule 3.1 related to products is not deemed to be fulfilled until such testing proves negative, at which time the aforementioned condition is deemed to be waived.

3.2 Notwithstanding the above, if the equity transfer contemplated hereunder has not been approved and become effective on or before June 30, 2007 or such later date as the Parties mutually agree in writing from time to time, the SPA, the Contract and this Agreement shall automatically terminate in which case none of the Parties shall have any claim of any nature whatsoever against any other Party(ies) under the SPA, the Contract and this Agreement.

3.3 Clause 3.4 of the SPA shall expire.

4. **Completion**

4.1 The Parties agree that completion of the Transferred Equity shall take place as of the Completion Date (the ***Completion***).

4.2 On the Completion Date, each Party waives, releases and otherwise abandons absolutely and irrevocably all claims, whether direct or indirect, foreseen or unforeseen, contingent or actual, present or future, of any nature whatsoever and however arising which it may have against any other Party and any of its Affiliates (including their successors and assignees), arising out of or connected in any way with the transaction contemplated by the SPA.

4.3 The following list of documents shall be delivered to Dana within five working days after Completion:

(i) the approval reply (replies) and the approval certificate(s) issued by the Approval Authority approving (i) the acquisition of the Transferred Equity by Dana pursuant to this Agreement, (ii) the Amendment to the Contract, (iii) the amendment to the articles of association, and (iv) the establishment of the Company as a Sino-foreign equity joint venture whereby DFL holds seventy five point two three percent (75.23%) of the registered capital of the Company, Dongfeng Industry holds ten point nine six percent (10.96%) of the registered capital of the Company, DFM holds nine point eight one percent (9.81%) of the registered capital of the Company and Dana holds four percent (4%) of the registered capital of the Company;

(ii) a new business license for the Company issued by SAIC or its local branches pursuant to registration of (i) above;

(iii) evidence that two (2) Dana appointees, four (4) DFL appointees, one (1) Dongfeng Industry appointee and one (1) DFM appointee have been registered with SAIC or its local branch as constituting the entire board of directors of the Company;

(iv) a letter of appointment duly executed by DFL, Dongfeng Industry and DFM in the agreed form appointing six (6) individuals to the board of directors of the Company;

(v) powers of attorney of DFL, Dongfeng Industry and DFM respectively, authorising the execution of this Agreement and other relevant agreements.

5. **<u>Post-Completion Undertaking</u>**

5.1 DFL agrees and undertakes with Dana that as soon as practicable and in any event within ten (10) Business Days after Dana makes full payment of the Transferred Equity to DFL, DFL shall cause the chairman of the board of directors of the Company to promptly issue an investment certificate to Dana confirming its four percent (4%) equity interest in the Company, provided that the Company has obtained the corresponding verification report from its accountant.

5.2 Upon Completion, DFL agrees to comply with the restrictions as set out under Clause 7 of the SPA.

6. **<u>Warranties, Undertakings and Indemnities</u>**

6.1 DFL undertakes that the representations and warranties made by it pursuant to Clause 8 and Schedule 8.1 of the SPA is hereby repeated and that each of such representation and warranty is true and accurate as of the date of this Agreement.

6.2 The representations and warranties made by DFL shall be deemed to be repeated immediately before Completion with reference to the facts then existing and Completion of this Agreement shall constitute a warranty by DFL that no event has occurred between the date of this Agreement and Completion which would cause any of the representations and warranties to be untrue or inaccurate in any material respect.

6.3 Dana undertakes that the representations and warranties made by it pursuant to Clause 8 and Schedule 8.1 of the SPA is hereby repeated and that each of such representation and warranty is true and accurate as of the date of this Agreement.

6.4 The representations and warranties made by Dana shall be deemed to be repeated immediately before Completion with reference to the facts then existing and Completion of this Agreement shall constitute a warranty by Dana that no event has occurred between the date of this Agreement and Completion which would cause any of the representations and warranties to be untrue or inaccurate in any material respect.

6.5 DFL and Dana agree that certain parts of Clause 10.2 and Clause 12 of the SPA shall be revised as follows:

(A) the aggregate amount of the Parties' respective liability to each other under this Agreement during the three years, which starts from the date on which the Company's new business license has been issued, for all claims shall not exceed **** . Clause 10.2 and Clause 12.5 of the SPA shall expire;

(B) DFL, Dongfeng Industry and DFM shall not be liable for any claim unless the aggregate amount of the liability of DFL, Dongfeng Industry and DFM for all claims exceeds **** , in which case DFL, Dongfeng Industry and DFM shall be liable for the remaining amount in respect of all claims in excess of **** ; provided that the provisions of this Clause 6.5 shall not apply in respect of any claim in respect of a breach of any of the Tax Warranties or Tax Covenant as described in the SPA;

(C) DFL, Dongfeng Industry and DFM shall not be liable for any claim unless they receive from Dana written notice containing reasonable details of the claim including Dana's estimate (on a without prejudice basis) of the amount of such claim on or before March 31, 2008, after which all the representations, warranties, undertakings and indemnities of the Parties contained in the SPA and the representations, warranties, undertakings and indemnities contained in the Contract on the basis of the SPA shall expire and DFL, Dongfeng Industry and DFM shall not be liable for any claim arising thereunder afterwards.

(D) The Parties confirm that the SPA shall expire upon March 31, 2008.

7. **Right to Terminate**

7.1 DFL and Dana may, at any time prior to the Completion Date, terminate this Agreement pursuant to the terms set out in Clause 13 of the SPA.

7.2 After Completion, Clause 13 of the SPA shall expire.

8. **Entire Agreement**

This Agreement, and the SPA as altered hereby (subject to Clause 6.5(c) and 6.5(D)), set out the entire agreement and understanding between the Parties in respect of the sale and purchase of the Transferred Equity. This Agreement supersedes all prior agreements, understandings or arrangements (whether oral or written) relating to the sale and purchase of the Transferred Equity. It is agreed that:

(A) no Party has entered into this Agreement or any other document referred to in this Agreement in reliance upon any statement, representation, warranty or undertaking of any other Party other than those expressly set out or referred to in this Agreement or such other document;

(B) save for any such liability as a Party has under or in respect of any breach of this Agreement or any other agreement or document referred to in this Agreement, no Party shall owe any duty of care, nor have any liability in tort or otherwise, to any other Party or any other person in respect of, arising out of, or in any way relating to the transaction contemplated by this Agreement; and

(C) this Clause shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

9. **Variation**

No variation of this Agreement and the SPA as altered hereby shall be valid unless it is in writing and signed by or on behalf of each of the Parties to it. The expression “variation” shall include any variation, supplement, deletion or replacement however effected.

10. **Assignment**

10.1 None of the Parties hereunder shall nor shall it purport to assign, transfer, charge or otherwise deal with all or any of its rights under this Agreement and under the SPA as altered hereby, nor grant, declare, create or dispose of any right or interest in it without the prior written consent of the other Parties.

10.2 Any purported assignment in contravention of this Clause 10 shall be void.

11. **Announcements**

11.1 Each Party hereby undertakes that it shall not and shall procure that each of its Affiliates, directors, officers and employees shall not at any time make any public announcement or circular or disclosure in connection with the existence or subject matter of this Agreement without the prior written approval of the other Parties hereto (such approval not to be unreasonably withheld or delayed); to the extent any public announcement, circular or disclosure in connection with the existence or subject matter of this Agreement is required to be made by any of the Parties pursuant to any applicable law or stock exchange requirements, the Parties shall, to the maximum extent permitted under applicable laws and stock exchange requirements, fully consult each other to agree on the scope and substance of the required disclosure.

12. **Confidentiality**

12.1 DFL undertakes to Dana that save as required by applicable law or stock exchange requirements each of them shall not and shall procure that each of its directors, officers and employees shall not at any time, save with the prior consent in writing of Dana, divulge or communicate to any person other than to directors, officers, employees or professional advisers of Dana any secret or confidential information concerning the Company or any customer or client or business of the Company.

12.2 Dana hereby undertakes to DFL that save as required by applicable law or stock exchange requirements it and its Affiliates shall not and shall procure that each of its directors, officers and employees shall not at any time save with the prior consent in writing of DFL divulge or communicate to any person other than to its directors, officers, employees or professional advisers any secret or confidential information concerning the Company or any customer or client or business of the Company.

12.3 The restrictions contained in Clauses 12.1 and 12.2 above shall cease to apply in the event that such information comes into the public domain (other than through any unauthorised disclosure by DFL or Dana) or disclosure of such information is required by law or any court or tribunal. If disclosure of such information is required by law or any court or tribunal, then any of the Parties so required to disclose such information shall promptly inform and consult with all the other Parties before taking any actions to make any disclosures as required.

13. **Severability**

13.1 If any provision of this Agreement is held to be invalid or unenforceable, then such provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The Parties shall then use all reasonable endeavours to replace the invalid or unenforceable provisions by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.

14. **Counterparts**

14.1 This Agreement may be executed in any number of counterparts and by the Parties to it on separate counterparts, each of which is an original but all of which together constitute one and the same instrument.

15. **Waivers**

15.1 No failure or delay by any Party in exercising any right or remedy provided by law under or pursuant to this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

15.2 The rights and remedies of any Party under or pursuant to this Agreement are cumulative, may be exercised as often as such Party considers appropriate and are in addition to its rights and remedies under general law.

16. **Further Assurance**

16.1 Each Party agrees to perform (or procure the performance, by its duly authorised representatives) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as any other Party may reasonably require, whether on or after Completion, to implement and/or give effect to this Agreement and the transaction contemplated hereunder and for the purpose of vesting in such Party the full benefit of the assets, rights and benefits to be transferred to or conferred on such Party under this Agreement.

17. **Notices**

17.1 Any notice or other communication to be given by one Party to the other Parties under, or in connection with, this Agreement shall be in writing and signed by or on behalf of the Party giving it. It shall be served by sending it by pre-paid recorded express courier delivery to the address set out in Clause 30.6(b) of the amended Contract and marked for the attention of the relevant Party set out in Clause 30.6(b) of the amended Contract (or as otherwise notified from time to time). Any notice so served by express courier shall be deemed to have been duly given at 10:00am on the seven (7^{th}) Business Day following the date of posting.

17.2 References to time in this Clause are to local time in the country of the addressee.

17.3 A Party may notify the other Parties to this Agreement of a change to its name, relevant addressee, or address for the purposes of this Clause 17, provided that, such notice shall only be effective on:

(A) the date specified in the notice as the date on which the change is to take place; or

(B) if no date is specified or the date specified is less than five (5) Business Days after the date on which notice is given, the date following five (5) Business Days after notice of any change has been given.

18. **Execution and Effectiveness**

18.1 This Agreement shall be executed by the duly authorised representatives of the Parties hereto and shall come into force after signing.

18.2 Once this Agreement has been executed it shall then be submitted for approval by DFL to Department of Commerce, Hubei Province (the ***Approval Authority***) along with the SPA, the Amendment to the Contract and the amendment to the articles of association.

19. **<u>Governing law</u>**

19.1 The establishment, effectiveness, interpretation, amendment, performance and termination of this Agreement shall be governed by and construed in accordance with the laws of the PRC. To the extent there is no applicable PRC law, reference shall be made to international practices.

20. **<u>Settlement of disputes</u>**

20.1 The Parties shall try to resolve any dispute, controversy or claim arising out of or in connection with this Agreement through friendly consultations between the Parties. But, if no settlement is reached within twenty (20) Business Days from the date one Party notifies the other Parties in writing of its intention to submit the dispute, controversy or claim to arbitration in accordance with this Clause, then any such dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration by the Hong Kong International Arbitration Center (***HKIAC***) in accordance with the UNCITRAL Arbitration Rules as at present in force and as may be amended by the rest of this Clause. The arbitration will be administered by HKIAC in accordance with HKIAC Procedures for Arbitration in force at the date of this Agreement including additions to the UNCITRAL Arbitration Rules as are therein contained.

20.2 The place of arbitration shall be in Hong Kong at the Hong Kong International Arbitration Center. The arbitration proceedings will be conducted in English and Chinese. The arbitration panel will consist of three (3) members. Dana shall select one (1) arbitrator, and DFL shall select one (1) arbitrator. The presiding arbitrator shall be selected by agreement between the arbitrators selected by the Parties or, failing agreement within ten (10) Business Days of the appointment of the two (2) Party-nominated arbitrators, by the Chairperson of the HKIAC. The presiding arbitrator shall not be a national of the PRC or the United States of America. The arbitration award shall be final and binding on the Parties, and the Parties agree to be bound thereby and to act accordingly. The costs of arbitration and the costs of enforcing the arbitration award (including witness expenses and reasonable attorneys' fees) shall be borne by the losing Party(ies), unless otherwise determined by the arbitration award.

20.3 In any arbitration proceeding, any legal proceeding to enforce any arbitration award and in any legal action between the Parties pursuant to or relating to this Agreement, each Party expressly waives any defence based on the fact or allegation that it is an agency or instrumentality of a sovereign state.

20.4 Each Party shall continue to exercise its respective rights, and fulfill its obligations under this Agreement while a dispute is being resolved through arbitration, except for the matters in dispute.

20.5 Any award of the arbitrators may be enforced by any court having jurisdiction over the Party against which the award has been rendered, or wherever assets of that Party are located, and shall be enforceable in accordance with the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).

21. **Language**

This Agreement is written in a Chinese version and in an English version in eight (8) originals each. Both language versions shall be equally authentic. Each of DFL, Dongfeng Industry, DFM, the Company and Dana shall each keep one (1) original in each language. The remaining originals shall be submitted, as necessary, to the governmental authorities.

22. **Operational Issues — Pre-Completion Profits**

22.1 All of the dividend payable and the net profits accrued during the time period from January 1, 2004 to the Completion Date as reflected in the Company audited financial statements as audited by the Company's regular auditor will be paid by the Company to DFL, Dongfeng Industry and DFM within ten (10) days from the Completion Date in accordance with their equity ratios immediately prior to the Completion Date.

22.2 Within ten (10) Business Days after the receipt by DFL of its share of the aforesaid dividend payable and net profits, DFL, will, through Dongfeng Motor Finance Company, make an amount up to the entire amount of its share of such dividend payable and net profits available to the Company as an interest-free loan in the event the Company encounters cash-flow difficulties and agrees to participate in DFL's cash pooling arrangement through Dongfeng Motor Finance Company as approved by the board of directors of the Company. Such interest-free loan shall be initially granted by DFL to the Company for a period of one year. If the Company continues to encounter cash-flow difficulties DFL agrees to extend such loan for another year on an interest-free basis, provided that the total duration of the interest-free loan does not exceed three (3) years.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date appearing at the head hereof.

Signed for and on behalf of

DONGFENG MOTOR CO., LTD.

/s/ Ouyang Jie
Name: OUYANG Jie
Title: Vice President

Signed for and on behalf of

DONGFENG (SHIYAN) INDUSTRIAL COMPANY

/s/ Chen Yaodong
Name: CHEN Yaodong
Title: Executive Deputy General Manager

Signed for and on behalf of

DONGFENG MOTOR CORPORATION

/s/ Ouyang Jie
Name:
Title:

Signed for and on behalf of

DANA MAURITIUS LIMITED

/s/ Frank Sheehan
Name: Frank SHEEHAN
Title: Authorized Representative

Exhibit 10-O(2)

Amendment To The Equity Joint Venture Contract

DONGFENG MOTOR CO., LTD.

and

DONGFENG (SHIYAN) INDUSTRIAL COMPANY

and

DONGFENG MOTOR CORPORATION

and

DANA MAURITIUS LIMITED

This **AMENDMENT TO THE EQUITY JOINT VENTURE CONTRACT** (hereinafter referred to as this ***Amendment***) is entered into on this 14th day of March 2007, in Shanghai, People's Republic of China (hereinafter referred to as ***PRC***), in accordance with the Joint Venture Law, the Joint Venture Regulations and other relevant laws and regulations of the PRC, by and between:

(1) **DONGFENG MOTOR CO., LTD.** (hereinafter ***DFL***), a Sino-foreign equity joint venture with limited liability duly organized and validly existing under the laws of the PRC with its legal address at 84 Baiye Road, Wuhan Economic Development Zone, Wuhan City, Hubei Province, PRC;

(2) **DONGFENG (SHIYAN) INDUSTRIAL COMPANY** (hereinafter ***Dongfeng Industry***), a company with limited liability duly established and validly existing under the laws of the PRC whose registered address is at No. 66 Gongyuan Road, Shiyan, Hubei Province, PRC;

(3) **DONGFENG MOTOR CORPORATION** (hereinafter ***DFM***), a state-owned enterprise with limited liability duly established and validly existing under the laws of the PRC whose registered address is at No. 1 Checheng Road, Shiyan, Hubei Province, PRC; and

(4) **DANA MAURITIUS LIMITED** (hereinafter ***DANA***), a one hundred percent (100%) wholly owned subsidiary of DANA CORPORATION with limited liability established and validly existing under the laws of the Republic of Mauritius, with its legal address at Level 6, One Cathedral Square, Pope Hennessy Street, Port Louis, Mauritius.

Each of the parties shall be referred to as a "***Party***" and collectively referred to as the "***Parties***".

RECITALS:

(A) DONGFENG AXLE CO., LTD. (hereinafter referred to as ***DAC***) is a limited liability company incorporated in accordance with the laws of the PRC, whose original shareholders were DFL, Dongfeng Industry and DFM.

(B) DFL and DANA CORPORATION entered into a Letter of Intent on September 24th, 2003, pursuant to which DFL and DANA CORPORATION agree to set up an equity joint venture company (hereinafter referred to as ***JVC***) in Xiangfan Municipality, Hubei Province, PRC.

(C) DFL and DANA CORPORATION agree that the investment of DANA CORPORATION in the JVC will be carried out by DANA.

(D) DFL and DANA entered into a joint venture contract (hereinafter referred to as the ***JV Contract***), pursuant to which the JVC will be established based on DAC as a Sino-foreign equity joint venture, in which DFL and DANA would each hold a fifty percent (50%) equity interest.

(E) DFL and DANA entered into a partial closing agreement (hereinafter referred to as the ***PCA***), pursuant to which DANA will purchase a 4% equity interest in the JVC by DFL for RMB 38,800,000 instead of holding a 50% equity interest as contemplated under the JV Contract.

(F) Upon further discussions between DFL, DANA, Dongfeng Industry and DFM, the Parties have agreed to jointly carry out the JVC's business activities in accordance with the terms and conditions of this Amendment which amended and restated the JV Contract, adhering to the principles of equality and mutual benefit.

TERMS AGREED:

1. **<u>Definitions and Interpretation</u>**

1.1 Unless the context otherwise requires, the defined words and expressions used in this Amendment shall have the same meanings as those used in the JV Contract.

1.2 Headings are inserted for convenience only and shall not affect the construction of this Amendment.

2. **<u>Effect on the JV Contract</u>**

2.1 The JV Contract shall be amended as set out in Article 3 below. Any reference to an article in the JV Contract shall, unless the context otherwise requires, be construed as a reference to such an article as the same has been amended or supplemented pursuant to this Amendment, or may otherwise have been, or from time to time be, amended, supplemented or novated.

2.2 This Amendment is supplemental to and shall be construed as forming part of the JV Contract.

2.3 Save as otherwise expressly provided in this Amendment, the JV Contract shall continue in full force and effect in accordance with its terms. Nothing in this Amendment shall effect either Party's liabilities under or in connection with the JV Contract which have accrued prior to the effectiveness of this Amendment.

3. **<u>Amendment to the JV Contract</u>**

3.1 The following four (4) definitions shall be inserted in Article 1 "DEFINITION":

Agreement means the Partial Closing Agreement entered into by and among DFL, Dongfeng Industry, DFM and Dana on even date herewith pursuant to which the purchase by Dana from DFL of the 4% equity interest in DAC will be completed.

Completion Date shall have the meaning as defined in the Agreement.

DONGFENG means DFL, Dongfeng Industry and DFM collectively, jointly and severally.

Interim Period means the three (3) year time period starting from the date on which the JVC's new business license has been issued.

3.2 The definition for "Articles of Association" shall be revised and replaced with the following:

"***Articles of Association*** means the Articles of Association of the JVC signed by the Parties as of the date of execution of the JV Contract, together with the amendment to the Articles of Association and any supplement and amendment made thereto from time to time."

3.3 The definition for "Contract" shall be revised and replaced with the following:

"***Contract*** means the Joint Venture Contract, together with its amendment and any supplement and amendment made thereto from time to time."

3.4 The definition for "Delegates" shall be revised and replaced with the following:

“***Delegates*** mean the General Manager, the Executive Deputy General Manger and the Deputy General Managers delegated to the JVC by either Party or other management and technical personnel to be delegated to the JVC upon agreement by the Parties.”

3.5 The word “means” in the definition “Commercial Vehicles” and “Deputy General Manager and Deputy General Managers” shall be deleted and replaced with “mean”.

3.6 The definition for “Party” and “Parties” shall be revised and replaced with the following:

“***Party*** means DONGFENG (or DFL, Dongfeng Industry or DFM individually, as the case may be) or DANA individually; and ***Parties*** means DONGFENG and DANA collectively.”

3.7 The definition for “SPA” shall be revised and replaced with the following:

“***SPA*** means the Sale and Purchase Agreement for the acquisition by Dana of an aggregate fifty percent (50%) of the registered capital of Dongfeng Axle Co., Ltd. entered into among DFL, Dongfeng Industry, DFM and Dana and dated March 10, 2005 as supplemented by the Agreement.”

3.8 Article 2.1 “Chinese Party” shall be revised and replaced with the following:

“The Chinese parties to this Contract are:

(a) Dongfeng Motor Co., Ltd. (***DFL***)

Dongfeng Motor Co., Ltd. or [Chinese characters] in Chinese is a Sino-foreign equity joint venture with limited liability duly organized and validly existing under the laws of the PRC with its legal address at 84 Baiye Road, Wuhan Economic Development Zone, Wuhan City, Hubei Province, PRC. The legal representative of DFL is:

Name:	XU PING
Position:	Chairman of the Board
Nationality:	Chinese

(b) Dongfeng (Shiyan) Industrial Company (***Dongfeng Industry***)

Dongfeng (Shiyan) Industrial Company or [Chinese characters] in Chinese is a company with limited liability duly established and validly existing under the laws of the PRC whose registered address is at No. 66 Gongyuan Road, Shiyan, Hubei Province, PRC. The legal representative of Dongfeng Industry is:

Name:	LI ZHENHUA
Position:	Chairman of the Board
Nationality:	Chinese

(c) Dongfeng Motor Corporation (***DFM***)

Dongfeng Motor Corporation or [Chinese characters] in Chinese is a state-owned enterprise with limited liability duly established and validly existing under the laws of the PRC whose registered address is at No. 1 Checheng Road, Shiyan, Hubei Province, PRC. The legal representative of DFM is:

Name:	XU PING
Position:	General Manager
Nationality:	Chinese”

3.9 In Article 2.2, the name of “Robert E. Pollock” shall be deleted and replaced with “Phillip A. Rotman II”.

3.10 The second sentence of Article 3.1 shall be revised and replaced with the following:

“The JVC shall be deemed to be duly established on the date set forth in the JVC’s new business license issued by the SAIC (the ***Establishment Date***) evidencing that DFL, Dongfeng Industry, DFM and Dana each holding a seventy-five and 23/100 percent (75.23%), ten and 96/100 percent (10.96%), nine and 81/100 (9.81%) and four percent (4%) equity interest in the JVC respectively.”

3.11 References to “DFL” in Article 19.1, Article 19.5, Article 19.6 and section (ii) of Article 27.5(b) shall be deleted and replaced with “DONGFENG”.

3.12 The third sentence of Article 3.3 shall be revised and replaced with the following:

“The Parties, including Dongfeng Industry and DFM, shall share the profits and, subject to the above, bear the risks and losses in accordance with the ratio of their capital contributions as set out in Article 5.2.”

3.13 Section (iii) of Article 4.2(b) shall be revised and replaced with “pusher and tag”.

3.14 Article 5.1 shall be revised and replaced with the following:

“The total investment amount of the JVC shall be Renminbi Seven Hundred and Eighty Million (RMB780,000,000).”

3.15 Article 5.2 shall be revised and replaced with the following:

“The registered capital of the JVC shall be Renminbi Five Hundred Million (RMB500,000,000), of which DFL shall contribute Renminbi Three Hundred Seventy Six Million and One Hundred Fifty Thousand (RMB376,150,000) accounting for seventy five and 23/100 percent (75.23%), Dongfeng Industry shall contribute Renminbi Fifty Four Million and Eight Hundred Thousand (RMB54,800,000) accounting for ten and 96/100 percent (10.96%), DFM shall contribute Renminbi Forty Nine Million and Fifty Thousand (RMB49,050,000) accounting for nine and 81/100 percent (9.81%), and DANA shall contribute Renminbi Twenty Million (RMB20,000,000) accounting for four percent (4.00%).”

3.16 Article 5.3 shall be revised and replaced with the following:

“(a) DFL shall contribute to the JVC seventy five and 23/100 percent (75.23%) of the registered capital of DAC, which has been subscribed and fully paid up by it as of the date hereof, representing seventy five and 23/100 percent (75.23%) of the registered capital of the JVC.

(b) Dongfeng Industry shall contribute to the JVC ten and 96/100 percent (10.96%) of the registered capital of DAC, which has been subscribed and fully paid up by it as of the date hereof, representing ten and 96/100 percent (10.96%) of the registered capital of the JVC.

(c) DFM shall contribute to the JVC nine and 81/100 percent (9.81%) of the registered capital of DAC, which has been subscribed and fully paid up by it as of the date hereof, representing nine and 81/100 percent (9.81%) of the registered capital of the JVC.

(d) DANA shall contribute to the JVC four percent (4.00%) of the registered capital of DAC, which DANA has acquired from DFL pursuant to the SPA (as supplemented by the Agreement) and which has been subscribed and fully paid up by DFL as of the date hereof, representing four percent (4.00%) of the registered capital of the JVC."

3.17 The figure "50%" in Article 5.4(b) shall revised and replaced with "4.00%".

In the second paragraph, the word "the" before "DFL Representations and Warranties" shall be deleted.

3.18 Article 5.5 shall be revised and replaced with the following:

"The obligations of DFL, Dongfeng Industry and DFM with respect to their respective capital contributions to the JVC shall be deemed fully discharged on the Completion Date. DANA's obligation with respect to its capital contributions to the JVC shall be deemed fully discharged on the date which DANA has made full payment for the 4% equity interest in DAC in accordance with the terms and conditions of the Agreement."

3.19 Section (ii) and (iii) of Article 5.6 (c) shall be revised and replaced with the following:

"(ii) Prior to the Completion Date, DANA and DFL will, based on recommendation from DANA's and DFL's financial team, set the targets for additional funding from the Parties for the first 2 years after the JVC's new business license has been issued;

(iii) Once the Board has decided that additional funding from the Parties are required, Dana and DFL shall provide funding to the JVC up to their pro rata shares of the aforesaid target by any of the following options (A) a shareholder loan to the JVC, (B) a parent guarantee supporting JVC's borrowing from any banks or financial institutions, or (C) a standby letter of credit."

3.20 Article 5.7 (a) shall be revised and replaced with the following:

"Subject to the provisions of this Article 5.7, either Party may assign, sell or otherwise dispose of all or part of its registered capital contribution to the JVC to a third party, provided, however, that it first obtains the written consent of the other Party and the approval of the Approval Authority if required. "

3.21 The following paragraph shall be inserted as Article 5.7(f):

"Notwithstanding any provisions to the contrary, neither Dongfeng Industry nor DFM shall transfer its corresponding equity interest in the registered capital of the JVC, in whole or in part, to any third party other than an Affiliate."

3.22 The following paragraph shall be inserted as Article 5.8(b):

"For the purposes of this Article 5.8 and only during the Interim Period, an Affiliate, in relation to either Dongfeng Industry or DFM, shall mean DFL only."

3.23 The phrase "or by the Chairman alone during the Interim Period," shall be inserted after the wording "Vice-Chairman of the Board" in the second sentence of Article 5.9.

3.24 Section (iv) of Article 5.11 (a) shall be deleted and the sequencing of the original section (v) to (xi) of Article 5.11 (a) shall be adjusted accordingly.

3.25 The following shall be inserted as Article 5.11 (b):

"All of the Ancillary Contracts mentioned above have been executed on the same date this Amendment is signed."

3.26 The original Article 5.11 (b) shall become Article 5.11 (c).

3.27 The following paragraph shall be inserted as Article 5.12:

"**5.12 Purchase of an Additional 46% Equity Interest in the JVC**

Provided that Dana acquired the 4% equity interest from DFL prior to 30 June 2007, after April 1, 2008 but within the Interim Period, Dana will purchase, and DFL, Dongfeng Industry and DFM will sell in one lump sum an additional 46% equity interest in the JVC (the ***Additional Equity Interest***), which is composed of a 25.23% equity interest in the JVC held by DFL, a 10.96% equity interest in the JVC held by Dongfeng Industry, and a 9.81% equity interest in the JVC held by DFM, if all of the following events have occurred:

(a) The Additional Equity Interest will be free and clear from any Encumbrance (as defined in the SPA);

(b) All of the requisite PRC governmental approvals and/or legal procedures for the purchase by Dana of the Additional Equity Interest from DFL, Dongfeng Industry and DFM have been obtained and/or completed;

(c) The appraised value of the Additional Equity Interest is within 18% plus or minus of RMB 446,200,000. Otherwise, the Parties will discuss and find a solution that will be mutually acceptable to the Parties.

(d) Both the income method and the replacement cost method will be used to appraise the value of the Additional Equity Interest. Subject to Article 5.12(C) above, the higher value derived from the appraisal using either of these two methods will be the transaction price for the Additional Equity Interest.

At the completion of the purchase by Dana of the Additional Equity Interest as set out in this Article 5.12, this Contract shall be further amended to incorporate all of the original terms and conditions of the JV Contract, which have been amended by this Contract, to reflect the then 50:50 equity ratio of the Parties in the JVC. The Parties shall then execute the Final Closing Agreement in accordance with the terms and conditions set forth in the Schedule 1 attached hereto and take all necessary actions to obtain approvals and give effect thereto."

3.28 The wording "new" shall be inserted before the wording "business license" in Section (iii) of Article 6.1 (a).

3.29 Article 6.1 (h) shall be revised and replaced with the following:

"assist expatriate personnel of DANA CORPORATION or its Affiliates and the JVC in handling the necessary procedures for entry visas, work permits and travelling arrangements, and to assist the JVC in arranging appropriate housing for expatriate employees of the JVC, and hotel accommodations for foreign personnel on temporary assignment to the JVC;"

3.30 The wording "traveling" in Article 6.2 (f) shall be revised and replaces with "travelling".

3.31 The last sentence of Article 8.6(b) shall be revised and replaced with the following:

"DFL shall remain liable for any and all asbestos claims until ten (10) years after January 1, 2006, after which date DFL shall no longer be liable therefor."

3.32 Article 9.1 shall be revised and replaced with the following:

"DFL shall purchase from the JVC and cause its Affiliates to purchase from the JVC subject to QCDD the Commercial Vehicle, specialty vehicle and light vehicle axle products required by them and which the JVC can supply, **** ."

3.33 The wording "in the same matter as what the JVC has agreed under the Long Term Supply Agreement" in Article 9.2(b) shall be deleted.

3.34 Article 9.2(f) shall be deleted.

3.35 Article 9.6 (a) shall be revised and replaced with the following:

"Both DANA and DFL undertake that, as soon as the JVC has been established, the JVC shall start to establish a R&D Center for the Products (the ***R&D Center***), which belongs to the JVC and will be independent of the Parties."

3.36 Article 9.6 (e) shall be revised and replaced with the following:

"(e) Both DANA and DFL confirm the target dates for the establishment of the R&D Center in stages as follows:

(i) Within 2 years after the Completion Date, all initial hardware of the R&D Center shall be set up; initial staffing shall be completed; and the R&D Center shall be operational;

(ii) By 2012, the basic functions of the R&D Center shall be established; the focus of the R&D Center shall be to ensure that the Products are competitive in the PRC market;

(iii) Following 2012, the R&D Center shall endeavor to become the industrial leader with regard to the technical aspects of the Products. "

3.37 The wording "Parties" in Article 9.6 (f) shall be revised and replaced with "DANA and DFL".

3.38 The first sentence of Article 9.11 shall be revised and replaced with the following:

"The JVC board will periodically review the progress of DANA CORPORATION in meeting its objectives and obligations of providing technology, technical support, and other support in connection with the JVC's establishment of the R&D Center, in accordance with the provisions of this Contract, the Technology License Contract and Technical Assistance Contract."

3.39 The wording "thirty" in Article 10.5 (c) shall be deleted and replaced with "third".

3.40 Article 11.1 shall be revised and replaced with the following:

"During the Interim Period, the composition of the Board shall be based on the second paragraph of Article 11.2(a) below."

3.41 The following shall be inserted as the second paragraph of Article 11.2 (a):

"Notwithstanding any provisions to the contrary in the preceding paragraph, during the Interim Period:

(i) The Board shall consist of eight (8) directors, among which, four (4) directors, including the Chairman, shall be appointed by DFL, one (1) director shall be appointed by Dongfeng Industry, one (1) director shall be appointed by DFM and the other two (2) directors shall be appointed by Dana; and

(ii) the JVC will not establish the position of Vice Chairman."

3.42 The following sentences shall be inserted after Section (v) of Article 11.3(a):

"(vi) change or amend the profit distribution policy set forth in Article 16.7; and

(vii) any investment in any other company."

3.43 In Article 11.3(c), section (ix) shall be deleted; section (xvii) shall be deleted and replaced with the following:

"(xviii) the matter set out in Article 9.11 above;"

The sequencing of the original Section (x) to (xvi) of Article 11.3(c) shall be adjusted accordingly.

3.44 The following shall be inserted as the last paragraph of Article 11.3:

"Notwithstanding any provisions to the contrary, during the Interim Period, decisions of the Board involving the aforementioned matters set out in this Article 11.3(c) above shall require the approval of a simple majority of all members of the Board present at the meeting (in person or by proxy)."

3.45 Article 11.4(b) shall be revised and replaced with:

"If the Chairman grants authorization or is unable to perform his or her responsibilities due to health reasons only, the Vice Chairman, or, during the Interim Period, a director authorized by the Chairman, may act in his or her place to perform his or her responsibilities."

3.46 The phrase "with at least one (1) director from DFL and Dana respectively" shall be inserted in Article 11.5 (b) after the wording "Board directors".

3.47 Section (iv) of Article 11.5(c) shall be revised and replaced with the following:

"each director, including the Chairman and Vice-Chairman (if such a position has been established), shall have only one (1) vote with no deciding vote in case of a tie."

3.48 Article 11.5(d) shall be revised and replaced with the following:

"Upon the written request of three (3) or more directors (which shall specify the matters to be discussed), the Chairman (or the Vice Chairman, or, during the Interim Period, a director authorized by the Chairman, if the Chairman grants authorization or is unable to perform his or her responsibilities due to health reasons only) shall convene an interim meeting of the Board within three (3) months of the written request for such interim meeting."

3.49 Article 11.5(e) shall be revised and replaced with:

"If the Chairman of the Board does not call a meeting according to Articles 11.4(a) and 11.5(d), the Vice-Chairman or, during the Interim Period, a director authorized by the Chairman, shall be entitled to call and preside over the Board meeting."

3.50 The first sentence of Article 11.5(k) shall be revised and replaced with:

"If at any properly convened Board meeting, no quorum is constituted because less than six (6) directors are present in person or by proxy or because no director appointed by DFL or Dana is present in person or by proxy, the directors present at this Board meeting (***Original Board Meeting***) shall call a second Board meeting (***Second Board Meeting***)."

3.51 The phrase "(if such a position has been established)" shall be inserted both in the second sentence of Article 11.5 (m) and in the last sentence of Article 11.5 (p) after the wording "Vice-Chairman".

3.52 The following shall be inserted as the last sentence of Article 12.1(a):

"As a general matter, neither Dongfeng Industry nor DFM will be involved in the daily management and operations of the JVC."

3.53 The wording "advices" in the section (i) of Article 12.1(c) shall be deleted and replaced with "advice".

3.54 The following shall be inserted as the last paragraph of the section(ii) of Article 12.1(d):

"Notwithstanding any provisions to the contrary, during the Interim Period:

- if the Board deems it necessary to engage a Deputy General Manager in charge of finance, DFL will have the right to nominate the candidate for such a position to be approved and appointed by the Board as provided in the Amendment to the Contract. The Parties acknowledge and agree that the performances of both the current General Manager and the current Deputy General Manager in charge of engineering have been satisfactory for the past year. As such, the Parties agree that, during the Interim Period, the current General Manager and the current Deputy General Manager will be engaged to continue perform their respective roles as the General Manager and Deputy General Manager in charge of engineering of the Company so long as their respective

performance remains reasonably satisfactory to the Parties.

- if the General Manager or the Deputy General Manager in charge of engineering could no longer serve the Company due to any reason, DANA and DFL agree to communicate with each other to work together to agree on the nomination of the replacement candidate for appointment by the Board."

3.55 The phrase "(if such a position has been established)" shall be inserted in Article 12.1 (g) after the wording "Vice-Chairman".

3.56 The wording "the" shall be inserted in the first sentence of Article 15.2(b) after the wording "as of".

3.57 The wording "DANA CORPORTION" in the last sentence of Article 16.3(b) shall be replaced with "DANA CORPORATION'S".

3.58 The following shall be inserted as Article 16.3(e):

"During the Interim Period, Dongfeng Industry and DFM shall have full access to monthly operational reports, quarterly financial reports, audited financial reports and such other reports to be prepared by the management of the JVC and distributed to DFL and DANA."

3.59 The wording "oversees" in the second sentence of Article 16.4 shall be deleted and replaced with "oversee".

3.60 Article 16.5(a) shall be revised and replaced with the following:

"(a) The Board will consult with all parties, including DFM and Dongfeng Industry, regarding the engagement of an internationally recognized and PRC qualified accounting firm to be the JVC's auditor and to examine and verify the JVC's financial accounting prior to engagement of such auditor, and after this consultation will engage such auditor. The scope of audit performed by the JVC's auditor will comply with Chinese GAAP. The auditor will prepare a separate report complying with the US GAAP which is converted from the report complying Chinese GAAP. The results of the auditor's examination will be reported to the Board and the General Manager. The JVC shall submit to the Parties (including Dongfeng Industry and DFM during the Interim Period) and to each director the audited annual accounts within the shortest time period practicable after the end of the fiscal year (subject to the stipulated time table for issuing the audit report by the auditor jointly engaged by the Parties), together with the audit report of the auditor. All Parties (including Dongfeng Industry and DFM during the Interim Period) will be provided with the first draft of the report and shall have the right to communicate with the auditor in relation to such report. The JVC shall pay the cost of the audit."

3.61 The wording "(including Dongfeng Industry and DFM during the Interim Period)" shall be inserted after the wording "Party" in the first sentence of Article 16.5(b).

3.62 The following shall be inserted as Article 16.6(C):

"Notwithstanding the above provisions, during the Interim Period, the JVC will not allocate the reserve fund and the enterprise development fund."

3.63 Article 16.7(a) shall be revised and replaced with the following:

" ****

**** ”

3.64 Article 16.7(b) shall be revised and replaced with the following:

“(i) ****

(ii) ****

(iii) **** ”

3.65 The first paragraph of Article 16.7(f) shall be revised and replaced with the following:

“Distributable profits shall be calculated in RMB. The JVC shall pay DFL, Dongfeng Industry and DFM any dividend to be distributed to them in RMB and shall pay DANA any dividend to be distributed to DANA in US$. The JVC shall, at the request of DANA, convert any RMB dividend to be distributed to DANA into US$ and remit the same out of China in accordance with the then applicable regulations governing the payment of foreign exchange.”

3.66 The last sentence of Article 16.8(c) shall be revised and replaced with the following:

“For the avoidance of doubt, any payment by DFL to the JVC for the purchase of any axle products shall be made in accordance with the current practice applied by the Parties at the time of signing this Contract.”

3.67 The first sentence of Article 17.2(b) shall be revised and replaced with the following:

“Unless otherwise specified in this Contract or in contracts entered into by the JVC, all payments by the JVC to DANA or DANA CORPORATION and to any expatriate employees of the JVC shall be made in US$, or in another freely convertible currency as DANA or DANA CORPORATION or such expatriate employees may determine, and all payments by the JVC to DFL, Dongfeng Industry and DFM as well as to PRC enterprises or nationals shall be made in RMB.”

3.68 Article 19.1 shall be revised and replaced with the following:

"**19.1 Representations and Warranties of DONGFENG**

Each of DFL, Dongfeng Industry and DFM represents and warrants the following:

(a) It is a limited liability company duly established and validly existing as a legal person under the laws of the PRC;

(b) It has full legal right, power and authority to execute this Contract and all contracts and documents referred to in this Contract to which it is a party, and to observe and perform its obligations under this Contract and those contracts and documents;

(c) It's representative whose signature is affixed hereto and to all contracts and documents referred to in this Contract to which it is a party, has been fully authorized to sign this Contract and those contracts and documents pursuant to a valid power of attorney, a copy of which has been provided to DANA; and

(d) It has obtained all consents, approvals, authorizations and taken all other actions necessary to validly execute this Contract and all of the contracts and documents referred to in this Contract to which it is a party and to observe and perform its obligations under this Contract and those contracts and documents. "

3.69 The wording "amended" in shall be deleted and replaced with "new" in Article 22.1(a).

3.70 The phrase "(except as otherwise disclosed by a Party to the other Party at the time of entering into this Amendment)" shall be inserted in Article 23.1(d) after the wording "bankrupt".

3.71 The following shall be inserted as Article 23.3(b):

"(b) In the event that the acquisition by Dana of the Additional Equity Interest fails to be implemented in accordance with the provisions of Article 5.12 above, DFL has the right to determine whether to buy out the 4% equity interest held by Dana. The price for such buy-out of the equity interest by DFL shall be an amount equal to the price that DANA paid to DFL to purchase such 4% equity interest. The Parties undertake that the Parties will take all necessary actions to make sure that such buy out of the 4% equity interest by DFL will be completed within sixty (60) days after DFL makes such decision.

If DFL decides not to buy out such equity interest and DANA continues to hold a 4% equity interest in the JVC, the JVC shall continue to receive a license from DANA to use the technology and know-how licensed under the Technology and Know-How License Contract and pay royalties in accordance with the terms and conditions thereunder, provided that such a license shall be on a non-exclusive basis.

If DFL decides to buy out such equity interest and DANA no longer holds a 4% equity interest in the JVC, the principles outlined in Article 23.3(a) above shall apply to the basis on which the JVC or the Successor to the JVC may continue to use the technology and know-how licensed under the Technology and Know-How License Contract in accordance with the terms and conditions thereunder, provided that such a license shall be on a non-exclusive basis. Under this circumstance, the

JVC or the Successor to the JVC shall only pay royalties for the "Licensed Product" during the Interim Period pursuant to the Technology and Know-How License Contract. For the "Other Products" defined in the Technology and Know-How License Contract, the JVC or the Successor to the JVC shall not be liable to pay any royalties. To the extent that any such royalty has been paid in relation to the Other Products, the Parties shall procure its refund.

Regardless of whether DFL buys out the equity interest held by Dana in accordance with this Article, the Parties shall amend the relevant documents on the basis of this Article and take necessary actions to give effect to such amendment."

3.72 The reference to "(b)(i) and (b)(ii)" in the last paragraph of Article 23.3 shall be revised and replaced with "(a)(i) and (a)(ii)".

3.73 Section (iii) of Article 27.4(a) shall be deleted and the sequencing of the original section (iv) to (vi) of Article 27.4(a) shall be adjusted accordingly.

3.74 Article 27.5(b) shall be revised and replaced with the following:

"DFL may assign its rights and responsibilities under this Contract and any agreements entered into pursuant to this Contract to subsidiary of DFL (***DFL Assignee***) in which DFL has at least a fifty-one percent equity interest and full management control, provided that DFL guarantees the faithful performance of DFL Assignee of all terms of the assigned contract and agreements."

3.75 The following shall be inserted as Article 27.5(c):

"Dongfeng Industry and DFM may assign their respective rights and responsibilities under this Contract and any agreements entered into pursuant to this Contract to DFL only and not to any other party."

3.76 Article 29(a) shall be revised and replaced with the following:

"This Contract is written in a Chinese version and in an English version in eight (8) originals each. Both language versions shall be equally authentic. DFL, Dongfeng Industry, DFM, the Company and DANA shall each keep one (1) original in each language. The remaining originals shall be submitted, as necessary, to governmental authorities. "

3.77 Section (6) of Article 30.1(a) shall be deleted and the sequencing of the original section (7) to (13) of Article 30.1(a) shall be adjusted accordingly.

3.78 The first sentence of Article 30.2(a) shall be revised and replaced with the following:

"The Approval Authority for this Contract is the Department of Commerce of Hubei Province."

3.79 The following shall be inserted in Article 30.6(b) after the contact information of DFL:

"To Dongfeng Industry:

Dongfeng (Shiyan) Industrial Company
66 Gongyuan Road,
Shiyan City, Hubei Province

PRC
Attention: General Manager

To DFM :

Dongfeng Motor Corporation
1 Checheng Road
Shiyan City, Hubei Province
PRC
Attention: General Manager"

3.80 The contact information of Dana in Article 30.6(b) shall be revised and replaced with the following:

"To DANA:

c/o 4500 Dorr Street
Toledo, Ohio 43615
U.S.A.
Attention: Director of Dana Mauritius Limited
Telephone: +1 419 535 4500"

3.81 The signing page shall be revised and replaced with the following:

"This Contract is signed in Shanghai, PRC by the duly authorized representatives of DFL, Dongfeng Industry, DFM and DANA on this 14th of March 2007.

Dongfeng Motor Co., Ltd.	**Dana Mauritius Limited**
By: ______________________	By: ______________________

Dongfeng (Shiyan) Industrial Company

By: ______________________

Dongfeng Motor Company

By: ______________________"

3.82 A Form Final Closing Agreement shall be attached at the end hereof.

4. **<u>Conflict with the JV Contract</u>**

   The Parties hereby agree that if and to the extent that any provisions of the JV Contract conflict with the provisions of this Amendment, the provisions of this Amendment shall prevail.

5. **<u>Effective Date</u>**

   This Amendment shall become effective upon the approval by the Approval Authority.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the Parties have executed this Amendment on the date appearing at the head hereof.

Signed for and on behalf of

DONGFENG MOTOR CO., LTD.

/s/ Ouyang Jie
Name: OUYANG Jie
Title: Vice President

Signed for and on behalf of

DONGFENG (SHIYAN) INDUSTRIAL COMPANY

/s/ Chen Yaodong
Name: CHEN Yaodong
Title: Executive Deputy General Manager

Signed for and on behalf of

DONGFENG MOTOR CORPORATION

/s/ Ouyang Jie
Name:
Title:

Signed for and on behalf of

DANA MAURITIUS LIMITED

/s/ Frank Sheehan
Name: Frank SHEEHAN
Title: Authorized Representative

Schedule 1

Form Final Closing Agreement

DONGFENG MOTOR CO., LTD.

DONGFENG (SHIYAN) INDUSTRIAL COMPANY

DONGFENG MOTOR CORPORATION

and

DANA MAURITIUS LIMITED

FINAL CLOSING AGREEMENT

THIS FINAL CLOSING AGREEMENT is made on [•] (this ***Agreement***).

Between

(1) **DONGFENG MOTOR CO., LTD.**, a Sino-Japanese equity joint venture with limited liability duly established and validly existing under the laws the People's Republic of China whose registered address is at 84 Baiye Road, Wuhan Economic Development Zone, Wuhan, Hubei Province, People's Republic of China (***DFL***). The legal representative of DFL is Xu Ping, a national of the PRC, who holds the position of chairman of the board.

(2) **DONGFENG (SHIYAN) INDUSTRIAL COMPANY**, a company with limited liability duly established and validly existing under the laws the People's Republic of China whose registered address is at No. 66 Gongyuan Road, Shiyan, Hubei Province, People's Republic of China (***Dongfeng Industry***). The legal representative of Dongfeng Industry is Li Zhenhua, a national of the PRC, who holds the position of chairman of the board.

(3) **DONGFENG MOTOR CORPORATION**, a state-owned enterprise with limited liability duly established and validly existing under the laws the People's Republic of China whose registered address is at No. 1 Checheng Road, Shiyan, Hubei Province, People's Republic of China (***DFM***). The legal representative of DFM is Xu Ping, a national of the PRC, who holds the position of general manager.

(4) **DANA MAURITIUS LIMITED**, a company with limited liability duly established and validly existing under the laws of the Republic of Mauritius whose principal place of business is at Level 6, One Cathedral Square, Pope Hennessy Street, Port Louis, Mauritius (***Dana***). The legal representative of Dana is Phillip A. Rotman II, a national of the United States of America, who holds the position of Director.

For the purpose of this Agreement, each of DFL, Dongfeng Industry, DFM and Dana is referred to as a ***Party***, and collectively referred to as the ***Parties***.

RECITALS

(A) Dongfeng Dana Axle Co., Ltd. (Business License Registration Number 4206001330066) is a joint venture company of limited liability owned by DFL, Dongfeng Industry DFM and Dana, which is duly established and validly existing under the laws of the People's Republic of China with its registered address at 10th Floor, Torch Building, Hi-Tech Industry Development Zone, Xiangfan, Hubei Province, PRC (the *Company*).

(B) DFL, Dongfeng Industry, DFM and Dana entered into a Partial Closing Agreement (the ***PCA***) on March 14, 2007 to amend the SPA. It was contemplated under the PCA that Dana would purchase 4% of the entire equity interests in the Company held by DFL. Meanwhile, DFL, Dongfeng Industry, DFM and Dana entered into an Amendment to the Equity Joint Venture Contract (the original Joint Venture Contract and such amendment are collectively referred to as the ***Contract***).

(C) Upon friendly consultations, the Parties contemplate that Dana would purchase ten point nine six percent (10.96%) of the equity interest in the Company held by Dongfeng Industry, nine point eight one percent (9.81%) of the equity interest in the Company held by DFM, and an additional twenty five point two three percent (25.23%) equity interest in the Company held by DFL (collectively the ***Transferred Equity***), on the basis of an appraised value agreed by the Parties.

(D) Upon the completion of the sale and purchase by Dana of the Transferred Equity, being forty six percent (46%) equity interest in the Company pursuant to this Agreement, DFL and Dana will each hold a fifty percent (50%) equity interest therein.

(E) It is contemplated that the Parties shall complete the transfer of the Transferred Equity based on the terms and conditions set out in this Agreement.

Now Therefore, it is agreed as follows:

1. **Definitions and Interpretation**

1.1 Unless the context otherwise requires, the defined words and expressions used in this Agreement shall have the following meanings:

Affiliates mean, in relation to any Party, any enterprise, corporation, partnership, trust or other entity directly or indirectly controlling or controlled by or under direct or indirect common control with that Party; ***control*** for the purposes of this definition being taken to mean direct ownership of fifty percent (50%) or more of the registered capital, stocks or the voting rights of such enterprise or entity;

Agreement means this Final Closing Agreement;

Approval Authority means the Department of Commerce of Hubei Province;

Business Day means a day (other than a Saturday or Sunday) on which banks generally are open in the United States of America and the PRC for the transaction of normal banking business;

Company has the meaning as defined in Recital (A) of this Agreement;

Completion has the meaning as defined in Clause 4.1 of this Agreement;

Completion Date has the meaning as defined in Clause 2.4 of this Agreement;

Contract has the meaning as defined in Recital (D) of this Agreement;

DFL means Dongfeng Motor Co., Ltd.;

DFM means Dongfeng Motor Corporation;

Dongfeng Industry means Dongfeng (Shiyan) Industrial Company;

Dana means Dana Mauritius Limited;

Encumbrance means any mortgage, pledge, lien, charge, encumbrance, assignment, hypothecation, priority, security interest, option, warrant, title retention, preferential right, trust arrangement, security agreement or arrangement, or other third party claims or rights (including rights of pre-emption) of any nature whatsoever;

HKIAC means the Hong Kong International Arbitration Center;

Party means DFL, Dongfeng Industry, DFM or Dana; and ***Parties*** means DFL, Dongfeng Industry, DFM and Dana;

PCA has the meaning as defined in Recital (B) of this Agreement;

PRC means the People's Republic of China (but excluding, for the purposes of this Agreement, Hong Kong, Taiwan and Macao);

SAIC means the State Administration for Industry and Commerce, or its provincial or local branch in Hubei Province, as appropriate;

Transferred Equity has the meaning as defined in Recital (E) of this Agreement.

1.2 Headings are inserted for convenience only and shall not affect the construction of this Agreement.

2. **Equity Transfer and Consideration**

2.1 The Parties agree that DFL, Dongfeng Industry and DFM will transfer and Dana will acquire the Transferred Equity free from any Encumbrance and together with all rights attached thereto pursuant to the terms and conditions of this Agreement.

2.2 Each of DFL, Dongfeng Industry and DFM hereby consents to the transfer of the Transferred Equity (in relation to the portion of Transferred Equity not held by itself) and provides Dana with their respective waiver for the exercise of their first right of refusal with regard to such Transferred Equity.

2.3 The consideration payable for the Transferred Equity shall be [Appraised Price] in accordance with Article 5.12 of the Contract as amended. Such payment shall be made available to DFL , Dongfeng Industry and DFM (in proportion to their equity interest ratio in the Transferred Equity) within ten (10) Business Days after the date that the Approval Authority has approved the transfer of the forty six percent (46%) equity interest in the Company with the letter of approval and the approval certificate indicating DFL and Dana's respective shareholding as fifty percent (50%) and fifty percent (50%), and otherwise containing terms not inconsistent with the Parties' intention, and that SAIC has issued a new business license to the Company on this basis (the date of such payment shall hereinafter be referred to as the ***Completion Date***).

3. **Lapse of Agreement**

The Parties agree that, if the equity transfer contemplated hereunder has not been approved and become effective on or before the end of the three-year period which commences from the date that the new business license is issued reflecting the transfer of the 4% equity interest in the Company as contemplated in the PCA or such later date as the Parties mutually agree in writing from time to time, this Agreement shall automatically terminate in which case none of the Parties shall have any claim of any nature whatsoever against any other Party(ies) under this Agreement (save in respect of any rights and liabilities of the Parties which have accrued before termination).

4. **Completion**

4.1 The Parties agree that completion of the Transferred Equity shall take place as of the Completion Date (the ***Completion***).

4.2 The following list of documents shall be delivered to Dana within five working days after Completion:

(i) the approval reply and the approval certificate issued by the Approval Authority approving (i) the acquisition of the Transferred Equity by Dana pursuant to this Agreement, (ii) the Amendment to the Equity Joint Venture Contract, (iii) the amendment to the articles of association, and (iv) DFL holding fifty percent (50%) of the registered capital of the Company and Dana holding fifty percent (50%) of the registered capital of the Company;

(ii) a new business license for the Company issued by SAIC or its local branches which characterises the Company as a Sino-foreign equity joint venture with DFL and Dana each holding fifty percent (50%) equity interest in the Company respectively;

(iii) evidence that four (4) Dana appointees and four (4) DFL appointees have been registered with SAIC or its local branch as constituting the entire board of directors of the Company;

(iv) the Amendment to the Equity Joint Venture Contract and the amendment to the articles of association signed by all Parties;

(v) a letter of appointment duly executed by DFL in the agreed form appointing four (4) individuals to the board of directors of the Company; and

(vi) powers of attorney of DFL, Dongfeng Industry and DFM authorising the execution of this Agreement and other relevant agreements.

5. **Post-Completion Undertaking**

DFL , DFM and Dongfeng Industry agree and undertakes with Dana that as soon as practicable and in any event within ten (10) Business Days after Dana makes full payment of the Transferred Equity to DFL, DFM and Dongfeng Industry; DFL, DFM and Dongfeng Industry shall cause the chairman of the board of directors of the Company to promptly issue an investment certificate to Dana confirming its fifty percent (50%) equity interest in the Company, provided that the Company has obtained the corresponding verification report from its accountant.

6. **Right to Terminate**

DFL and Dana may, at any time prior to the Completion Date, terminate this Agreement if any governmental authority does not ratify the purchase price agreed by the Parties after the Parties enter into this Agreement, which is within 18% plus or minus of RMB 446,200,000, in which case either Party may terminate this Agreement.

7. **Entire Agreement**

This Agreement sets out the entire agreement and understanding between the Parties in respect of the sale and purchase of the Transferred Equity. This Agreement supersedes all prior agreements, understandings or arrangements (whether oral or written) relating to the sale and purchase of the Transferred Equity. It is agreed that:

(A) no Party has entered into this Agreement in reliance upon any statement, representation, warranty or undertaking of any other Party other than those expressly set out or referred to in this Agreement;

(B) save for any such liability as a Party has under or in respect of any breach of this Agreement or any other agreement or document referred to in this Agreement, no Party shall owe any duty of care, nor have any liability in tort or otherwise, to any other Party or any other person in respect of, arising out of, or in any way relating to the transaction contemplated by this Agreement; and

(C) the Parties confirm that for the purchase by Dana of the Transferred Equity from DFL, Dongfeng Industry and DFM, DFL, Dongfeng Industry and DFM shall not be obliged to make any representations, undertakings or warranties other than those contained in this Agreement, nor be liable for any claims raised by Dana relating to the Transferred Equity.

8. **Variation**

8.1 No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the Parties to it. The expression "variation" shall include any variation, supplement, deletion or replacement however effected.

8.2 Unless expressly agreed, no variation shall constitute a general waiver of any provisions of this Agreement, nor shall it affect any rights, obligations or liabilities under or pursuant to this Agreement which have already accrued up to the date of variation, and the rights and obligations of the Parties under or pursuant to this Agreement shall remain in full force and effect, except and only to the extent that they are so varied.

9. **Assignment**

9.1 None of the Parties hereunder shall nor shall it purport to assign, transfer, charge or otherwise deal with all or any of its rights under this Agreement, nor grant, declare, create or dispose of any right or interest in it without the prior written consent of the other Parties.

9.2 Any purported assignment in contravention of this Clause 9 shall be void.

10. **Announcements**

Each Party hereby undertakes that it shall not and shall procure that each of its Affiliates, directors, officers and employees shall not at any time make any public announcement or circular or disclosure in connection with the existence or subject matter of this Agreement without the prior written approval of the other Parties hereto (such approval not to be unreasonably withheld or delayed); to the extent any public announcement, circular or disclosure in connection with the existence or subject matter of this Agreement is required to be made by any of the Parties pursuant to any applicable law or stock exchange requirements, the Parties shall, to the maximum extent permitted under applicable laws and stock exchange requirements, fully consult each other to agree on the scope and substance of the required disclosure.

11. **Confidentiality**

11.1 DFL undertakes to Dana that save as required by applicable law or stock exchange requirements each of them shall not and shall procure that each of its directors, officers and employees shall not at any time, save with the prior consent in writing of Dana, divulge or communicate to any person other than to directors, officers, employees or professional advisers of Dana any secret or confidential information concerning the Company or any customer or client or business of the Company.

11.2 Dana hereby undertakes to DFL that save as required by applicable law or stock exchange requirements it and its Affiliates shall not and shall procure that each of its directors, officers and employees shall not at any time save with the prior consent in writing of DFL divulge or communicate to any person other than to its directors, officers, employees or professional advisers any secret or confidential information concerning the Company or any customer or client or business of the Company.

11.3 The restrictions contained in Clauses 11.1 and 11.2 above shall cease to apply in the event that such information comes into the public domain (other than through any unauthorised disclosure by DFL or Dana) or disclosure of such information is required by law or any court or tribunal. If disclosure of such information is required by law or any court or tribunal, then any of the Parties so required to disclose such information shall promptly inform and consult with all the other Parties before taking any actions to make any disclosures as required.

12. **Severability**

If any provision of this Agreement is held to be invalid or unenforceable, then such provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The Parties shall then use all reasonable endeavours to replace the invalid or unenforceable provisions by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.

13. **Counterparts**

This Agreement may be executed in any number of counterparts and by the Parties to it on separate counterparts, each of which is an original but all of which together constitute one and the same instrument.

14. **Waivers**

14.1 No failure or delay by any Party in exercising any right or remedy provided by law under or pursuant to this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

14.2 The rights and remedies of any Party under or pursuant to this Agreement are cumulative, may be exercised as often as such Party considers appropriate and are in addition to its rights and remedies under general law.

15. **Further Assurance**

Each Party agrees to perform (or procure the performance, by its duly authorised representatives) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as any other Party may reasonably require, whether on or after Completion, to implement and/or give effect to this Agreement and the transaction contemplated hereunder and for the purpose of vesting in such Party the full benefit of the assets, rights and benefits to be transferred to or conferred on such Party under this Agreement.

16. **Notices**

16.1 Any notice or other communication to be given by one Party to the other Parties under, or in connection with, this Agreement shall be in writing and signed by or on behalf of the Party giving it. It shall be served by sending it by pre-paid recorded express courier delivery to the address set out in Article 30.6(b) of the Contract and marked for the attention of the relevant Party set out in Article 30.6(b) of the Contract (or as otherwise notified from time to time). Any notice so served by express courier shall be deemed to have been duly given at 10:00am on the seven (7th) Business Day following the date of posting.

16.2 References to time in this Clause are to local time in the country of the addressee.

16.3 A Party may notify the other Parties to this Agreement of a change to its name, relevant addressee, or address for the purposes of this Clause 16, provided that, such notice shall only be effective on:

(A) the date specified in the notice as the date on which the change is to take place; or

(B) if no date is specified or the date specified is less than five (5) Business Days after the date on which notice is given, the date following five (5) Business Days after notice of any change has been given.

17. **Execution and Effectiveness**

17.1 This Agreement shall be executed by the duly authorised representatives of the Parties hereto and shall come into force after signing.

17.2 The Parties confirm that the Sale and Purchase Agreement entered into by DFL, Dongfeng Industry, DFM and Dana on March 10, 2005 has been terminated on March 31, 2008.

17.3 Once this Agreement has been executed it shall then be submitted for approval by DFL to the Approval Authority along with the Amendment to the Equity Joint Venture Contract and the amendment to the articles of association.

18. **Governing law**

The establishment, effectiveness, interpretation, amendment, performance and termination of this Agreement shall be governed by and construed in accordance with the laws of the PRC. To the extent there is no applicable PRC law, reference shall be made to international practices.

19. **Settlement of disputes**

19.1 The Parties shall try to resolve any dispute, controversy or claim arising out of or in connection with this Agreement through friendly consultations between the Parties. But, if no settlement is reached within twenty (20) Business Days from the date one Party notifies the other Parties in writing of its intention to submit the dispute, controversy or claim to arbitration in accordance with this Clause, then any such dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration by HKIAC in accordance with the UNCITRAL Arbitration Rules as at present in force and as may be amended by the rest of this Clause. The arbitration will be administered by HKIAC in accordance with HKIAC Procedures for

Arbitration in force at the date of this Agreement including additions to the UNCITRAL Arbitration Rules as are therein contained.

19.2 The place of arbitration shall be in Hong Kong at the Hong Kong International Arbitration Center. The arbitration proceedings will be conducted in English and Chinese. The arbitration panel will consist of three (3) members. Dana shall select one (1) arbitrator, and DFL, Dongfeng Industry and DFM shall jointly select one (1) arbitrator. The presiding arbitrator shall be selected by agreement between the arbitrators selected by the Parties or, failing agreement within ten (10) Business Days of the appointment of the two (2) Party-nominated arbitrators, by the Chairperson of the HKIAC. The presiding arbitrator shall not be a national of the PRC or the United States of America. The arbitration award shall be final and binding on the Parties, and the Parties agree to be bound thereby and to act accordingly. The costs of arbitration and the costs of enforcing the arbitration award (including witness expenses and reasonable attorneys' fees) shall be borne by the losing Party(ies), unless otherwise determined by the arbitration award.

19.3 In any arbitration proceeding, any legal proceeding to enforce any arbitration award and in any legal action between the Parties pursuant to or relating to this Agreement, each Party expressly waives any defence based on the fact or allegation that it is an agency or instrumentality of a sovereign state.

19.4 Each Party shall continue to exercise its respective rights, and fulfill its obligations under this Agreement while a dispute is being resolved through arbitration, except for the matters in dispute.

19.5 Any award of the arbitrators may be enforced by any court having jurisdiction over the Party against which the award has been rendered, or wherever assets of that Party are located, and shall be enforceable in accordance with the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).

20. **Language**

This Agreement is written in a Chinese version and in an English version in eight (8) originals each. Both language versions shall be equally authentic. Each of DFL, Dongfeng Industry, DFM, the Company and Dana shall each keep one (1) original in each language. The remaining originals shall be submitted, as necessary, to the governmental authorities.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date appearing at the head hereof.

Signed for and on behalf of

DONGFENG MOTOR CO., LTD.

____

Name:
Title:
Date:

Signed for and on behalf of

DONGFENG (SHIYAN) INDUSTRIAL COMPANY

____

Name:
Title:
Date:

Signed for and on behalf of

DONGFENG MOTOR CORPORATION

____

Name:
Title:
Date:

Signed for and on behalf of

DANA MAURITIUS LIMITED

____

Name:
Title:
Date:

Exhibit 10-V

DATED 27 February 2007

(1) THE COMPANIES LISTED IN SCHEDULE 1

(2) DANA MANUFACTURING GROUP PENSION SCHEME LIMITED

(3) DANA UK PENSION SCHEME LIMITED

(4) HOBOURN GROUP PENSION TRUST COMPANY LIMITED

(5) Q. H. PENSION TRUSTEE LIMITED

**AGREEMENT AS TO STRUCTURE
OF SETTLEMENT AND
ALLOCATION OF DEBT**

CONTENTS

THIS DEED is dated 27 February 2007 and made between:

(1) **THE COMPANIES LISTED IN SCHEDULE 1 HERETO** being various of the UK incorporated subsidiaries of Dana Corporation ("**Dana UK**");

(2) **DANA MANUFACTURING GROUP PENSION SCHEME LIMITED**, a company incorporated under the laws of England and Wales (Company Number: 03912079) and having its registered offices at the offices of Newsome Vaughan, Greyfriars House, Greyfriars Lane, Coventry, CV23 (the **"Dana Manufacturing Group Pension Scheme"**);

(3) **DANA UK PENSION SCHEME LIMITED**, a company incorporated under the laws of England and Wales (Company Number: 03912064) and having its registered offices at the offices of Newsome Vaughan, Greyfriars House, Greyfriars Lane, Coventry, CV23 2GW (the **"Dana UK Pension Scheme"**);

(4) **HOBOURN GROUP PENSION TRUST COMPANY LIMITED**, a company incorporated under the laws of England and Wales (Company Number: 01749069) and having its registered offices at the offices of Newsome Vaughan, Greyfriars House, Greyfriars Lane, Coventry, CV23 2GW (the "**Hobourn Group Pension Scheme**"); and

(5) **Q. H. PENSION TRUSTEE LIMITED**, a company incorporated under the laws of England and Wales (Company Number: 01407197) and having its registered offices at the offices of Newsome Vaughan, Greyfriars House, Greyfriars Lane, Coventry, CV23 2GW (the "**QH Pension Plan**").

RECITALS:

(A) Certain UK incorporated companies within Dana UK have liabilities due to the Dana UK Pension Scheme, the Dana Manufacturing Group Pension Scheme, the Hobourn Group Pension Scheme and the QH Pension Plan (together, the "**Schemes**") which they cannot meet in full, and whose insolvency will result in the short term unless there is a compromise of those liabilities.

(B) Further to discussions between Dana Group, the Pensions Regulator, the PPF and the Schemes, it has been agreed that the liabilities due to the Schemes will be compromised in full and final settlement of those liabilities by way of:

(i) a transfer of all of the defined benefit pension liabilities of Dana UK except Dana UK 1 plc (as described in Schedule 1) to a newly incorporated company (the "**Company**" (as further defined below));

(ii) entry by the QH Plan and Dana UK 1 plc into a withdrawal arrangement as more particularly described in Clause 5.1(F);

(iii) a compromise of the defined benefit pension liabilities of the Company by virtue of a Company Voluntary Arrangement as defined by section 1 of the Act (the "**CVA**"), a draft of which is attached at Schedule 3 to this Deed;

(iv) an issue of shares in the Retained Businesses to the Schemes; and

(v) a hive down of the Retained Businesses to new companies (the "**Hive Down**").

(C) The arrangements contemplated herein including the Hive Down, and payment of monies and the issue of shares in the Retained Businesses to the Schemes will be conditional upon the receipt of Clearance from the Pensions Regulator (such Clearance has already been received) and upon receipt of satisfactory confirmation from the PPF that it will to the extent necessary vote in favour of the CVA.

(D) It is anticipated that the Approval Date of the CVA will be on or around 11 April 2007.

(E) The Parties enter into this Deed to confirm:

(i) the total amount to be paid by the Company under the CVA in compromise of all of the liabilities due to each of the Schemes;

(ii) the amount that each Scheme will receive under the CVA;

(iii) the structure of the CVA;

(iv) the Hive Down;

(v) the mechanism to issue the shares in the Retained Businesses to the Schemes.

NOW THIS DEED SAYS as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions**

In this Deed:

"**Act**" means the Insolvency Act 1986 (as amended)

"**Agreed Sum**" means the amount of £47,500,000

"**Approval Date**" means either:

(i) the date being 28 days after which each of the reports required by section 4(6) of the Act have been made to Court in respect of the CVA, provided that no application has been filed at Court by that date under sections 4A or 6(3)(a) of the Act; or

(ii) in the event an application to the Court whether pursuant to and in accordance with sections 4A and/or 6 of the Act or otherwise is made before the date specified in (i) above:

(A) the date on which the Court makes a final order against which there is no right of appeal, the effect of which is that the Proposal shall become effective as the CVA; or

(B) in the absence of such a final order, the earlier of:

(1) the date of any dismissal or compromise of any such application which has the effect of allowing the Proposal to proceed to becoming effective as the CVA; and

(2) the first Business Day following the expiry of the specific time limit for appeal from the determination by the Court allowing the Proposal to proceed to become effective as the CVA

"**Clearance**" means the Pension Regulator issuing the following notices to Dana UK or any associated or connected party (as defined in sections 435 and 249 of the Act) of Dana UK in relation to the transactions set out in or contemplated by this Deed:

(i) that it would not be reasonable to impose any liability on the Dana Group under a contribution notice issued under Section 38; and

(ii) that it would not be reasonable to impose the requirements of a financial support direction, in relation to the acts contemplated in this Deed, on the Dana Group

"**Company**" means Shelfco 1882 Limited, a company incorporated under the laws of England and Wales (Company Number 06057554) and having its registered office at 21 Tudor Street, London, EC4Y 0DJ

"**Dana Group**" means, except as specifically defined in relation to Clause 9 only, Dana Corporation, a corporation incorporated in Virginia, United States, with its principal executive offices located 4500 Dorr Street, Toledo, Ohio, United States and all or any of its direct or indirect subsidiaries or affiliates

"**Escrow Agreement**" means the agreement between (1) DSEL (2) the Trustees and (3) Denton Wilde Sapte LLP in terms attached at Schedule 2

"**Party**" means a party hereto, collectively, "**Parties**"

"**Pensions Regulator**" means the body established by Part 1 of the Pension Acts 2004 of Napier House, Trafalgar Place, Brighton, BN1 4DW

"**Proposal**" means the proposal for the CVA in terms materially similar to those contained in the draft attached at Schedule 3 to this Deed

"**PPF**" means the Pension Protection Fund, a body established by Part 2 of the Pensions Act 2004, of Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR

"**PPF Side Letter**" means the letter in agreed terms from the PPF to the Company dated on or around the date of this Deed

"**Retained Businesses**" means:

(i) the undertaking and business of the manufacture of light axles carried out primarily at premises located at Unit C, Electra Park, Electric Avenue, Witton, Birmingham B6 7JJ ("**Axle Business**"); and

(ii) the undertaking and business of the assembly of drive shafts carried out primarily at premises located at Magnolia House, Rutherford Drive, Park Farm South, Wellingborough NN8 6AQ ("**Driveshaft Business**")

"**Supervisors**" means Neville Barry Kahn and Nicholas James Dargan both of Deloitte & Touche LLP, 1 Stonecutter Court, Stonecutter Street, London, EC4A 4TR in their intended capacity as joint Supervisors of the Company's proposed CVA

"**Trustees**" means the trustees of each of Dana Manufacturing Group Pension Scheme Limited, Dana UK Pension Scheme Limited, Hobourn Group Pension Trust Company Limited and Q.H. Pension Trustee Limited, individually a "**Trustee**".

1.2 **Clauses**

In this Deed any reference to a "**Clause**" or a "**Schedule**" is, unless the context otherwise requires, a reference to a Clause or a Schedule to this Deed.

2. CONDITIONS PRECEDENT

2.1 All obligations contained in this Deed are conditional upon:

(A) Clearance being received; and

(B) receipt of the PPF Side Letter.

2.2 All obligations contained in this Deed are conditional upon the Agreed Sum being received into an escrow account established under the Escrow Agreement.

3. PAYMENT OBLIGATION

The Agreed Sum will be paid to the Schemes in the proportions set out in Clause 4.1 on the terms set out in the Escrow Agreement on the earlier of:

(A) 5 working days after the Approval Date or

(B) 30 April 2007

4. ALLOCATION OF PAYMENTS

4.1 The Trustees of the Schemes will each receive the following amounts:

(A) the Dana Manufacturing Group Pension Scheme shall receive £7,515,191;

(B) the Dana UK Pension Scheme shall receive £21,019,050;

(C) the Hobourn Group Pension Scheme shall receive £2,231,072; and

(D) the QH Pension Plan shall receive £16,734,687.

4.2 The Schemes shall bear their own costs and expenses (including, but not limited to, legal and financial advisers' fees) incurred in connection with the compromise to be effected and shall have no claim against the Dana Group in respect of any costs and expenses.

5. STRUCTURE OF THE CVA

5.1 The Parties agree that the CVA will be structured such that:

(A) the Company is part of the Dana Group and the Trustees and principal employer of each Scheme enter into a deed to substitute the Company as principal employer and to admit it as a participating employer;

(B) employees of the Company may be admitted to all Schemes concurrently and accrue benefits on a daily rather than a monthly basis and the terms of each Scheme shall be amended as necessary;

(C) the contract of employment of one consenting, active employee is transferred to the Company, including his rights to participate in each of the four Schemes concurrently;

(D) save as provided in Clause (F), the Trustees and principal employer of each Scheme enter into a deed of amendment to:

(1) allocate the liability under section 75 or 75A of the Pensions Act 1995 to that Scheme between the existing participating employers and the Company, such that the existing participating employers are liable only for a nominal sum of £1 each (the "**Nominal Sum**"); and

(2) ensure (if necessary) that there is no partial winding up of any of the Schemes on an employer cessation event and (if necessary) to amend the rules (on and from the date the deed of amendment is entered into) so that there is no requirement to segregate on an employment cessation event;

(E) each of the participating employers (other than the Company) will give notice under the appropriate Scheme rules to terminate its participation in each Scheme in which it is a participating employer and the Trustees shall accept such notice where upon an employment cessation event will occur (and it is noted that the obligations under this Clause may be captured in a deed of cessation);

(F) the QH Pension Plan, Dana UK 1 plc and the Company will agree and enter into a withdrawal arrangement (as defined in paragraph 1 of Schedule 1A of the Occupational Pension Schemes (Employer Debt) Regulations 2005) in relation to the debt that they will agree has arisen in relation to Dana UK 1 plc's participation in the QH Pension Plan, by which £1 of the liability is allocated to Dana UK 1 plc and the remainder shall be guaranteed by the Company. Such agreement shall be submitted to the Regulator for approval and no objections thereto shall be raised by any party hereto;

(G) the Nominal Sum is then demanded and paid, and each of the Trustees will:

(1) confirm no cessation expenses are payable in respect of the relevant Scheme; and

(2) issue a discharge in respect of the past, present and future liabilities to the relevant Scheme of each participating employer (other than the Company),

with the intention of leaving the Company as the only employer under each of the Schemes and thus liable for the balance of the debt owed to the Schemes;

(H) the Company will (where necessary) give notice under the appropriate Scheme rules to terminate its participation in each Scheme in which it is a participating employer and the Trustees shall accept such notice and accordingly an employment cessation event shall occur and the employee referred to in sub-Clause (C) above shall be entitled only to those benefits which are available to employees with less than 3 months pensionable service;

(I) the Trustees (where necessary) will give notice to wind up each of the Schemes;

(J) the balance of the liability under sections 75 and 75A of the Pensions Act 1995 to the Schemes is demanded from the Company as sole employer which it is unable to pay;

(K) the directors of the Company propose a CVA to compromise the liability to each Scheme; and

(L) the Company then implements the CVA compromising the liability, in respect of which the Agreed Sum will be paid in accordance with this Deed.

5.2 The Trustees agree to enter into such agreements and make such demands as are necessary to enable the Company to enter into the CVA.

5.3 Dana UK agrees to:

(A) find and transfer a consenting, eligible employee to the Company; and

(B) enter into such agreements and take all steps as may be reasonably required to propose and obtain the approval of the CVA.

6. TRANSFER OF SHARES IN RETAINED BUSINESSES

6.1 DSEL (as defined in Schedule 1) agrees to issue to the Schemes and the Schemes agree to subscribe for, pursuant to the Shareholders' Agreements (as defined below), shares in the companies that will hold or operate the Retained Businesses in accordance with the following mechanism.

(A) DSEL has incorporated three new companies: New HoldCo, AxleCo and DriveshaftCo (each as defined in Schedule 1).

(B) DSEL and each of the Schemes will subscribe for, and New HoldCo will issue, 989 10p shares in the following amounts:

(1) 809 shares to DSEL;

(2) 29 shares to the Dana Manufacturing Group Pension Scheme;

(3) 80 shares to the Dana UK Pension Scheme;

(4) 8 shares to the Hobourn Group Pension Scheme; and

(5) 63 shares to the QH Pension Plan.

(C) DSEL and each of the Schemes will subscribe for, and AxleCo and DriveshaftCo will each issue, 989 10p shares in the following amounts:

(1) 806 shares to DSEL;

(2) 29 shares to the Dana Manufacturing Group Pension Scheme;

(3) 81 shares to the Dana UK Pension Scheme;

(4) 9 shares to the Hobourn Group Pension Scheme; and

(5) 64 shares to the QH Pension Plan.

(D) DSEL will transfer the Axle Business to AxleCo and the Driveshaft Business to DriveshaftCo in consideration for the issue of one new ordinary share each to DSEL; and

(E) DSEL will exchange its shares in AxleCo and DriveshaftCo for one share in New HoldCo. As a result, the Schemes will between them have 33.01% of the equity interest in both AxleCo and DriveshaftCo.

6.2 The parties who will be the shareholders of each of New Holdco, AxleCo and DriveshaftCo following completion of the subscriptions referred to in Clause 6.1 shall enter into the form of a shareholders agreement attached at Schedule 4 to this Deed in respect of each of New Holdco, AxleCo and DriveshaftCo respectively (each a "**Shareholders Agreement**"), on the date on which the subscription shall take place.

7. AGREEMENT TO VOTE IN FAVOUR OF THE CVA

7.1 The PPF has signed a side letter confirming that it will exercise the votes of the Schemes in favour of the CVA with terms substantially similar to those contained in the draft attached at Schedule 3 to this Deed.

7.2 The Member (as defined in Schedule 1) agrees and, to the extent necessary, the Trustees of each of the Schemes agree to vote in favour of the CVA in terms substantially similar to those contained in the draft attached at Schedule 3 to this Deed subject to the right of the PPF to exercise the votes of each of the Schemes as creditors under the CVA if the PPF obtains such rights in accordance with section 137 of the Pensions Act 2004.

7.3 Dana UK agrees to procure that any Dana UK company entitled to vote in the CVA, votes in favour of the CVA.

7.4 Subject to the Schemes having used reasonable endeavours to confirm that there is such a company, Dana UK agrees to wind up any company (other than those set out in Schedule 1) which is a member of the Dana Group and is found to be a participating employer in relation to any of the Schemes for the purposes of the PPF entry rules.

7.5 Dana UK agrees to pay all costs and expenses of the Company and its advisers incurred in proposing the CVA and all costs and expenses of the nominee and supervisor of the CVA.

8. ESCROW

The Company will as a precondition of the deed of amendment referred to in Clause 5.1(D) above procure that the Agreed Sum is paid into the client account of Denton Wilde Sapte LLP, to be held and applied upon the terms agreed in the Escrow Agreement.

9. RELEASE

9.1 Subject to Clause 9.3, each of the Schemes agrees that, receipt by it, whether under the CVA or otherwise, of the amount due to be paid to such Scheme under Clause 4.1 and the issue of the shares in the Retained Businesses in the amounts set out in Clause 6 shall be in full and final settlement of all and any claims and entitlements (whether past, present or future, actual, prospective or contingent, direct or indirect) which such Scheme had, has or may have against the Dana Group, whether arising in contract, tort, equity, under statute or howsoever and the Dana Group will have no ongoing liabilities of any kind to that Scheme (apart from any claims which any of the Schemes or their successors may have by virtue of their ownership of the shares in the Retained Businesses).

9.2 Subject to Clause 9.3, each of the Schemes agrees that, receipt by it, whether under the CVA or otherwise, of the amount due to be paid to such Scheme under Clause 4.1 and the issue to such Scheme of the shares in the Retained Businesses in the amounts set out in Clause 6, the Dana Group shall be forever discharged and released from all and any claims and entitlements (whether past, present or future, actual, prospective or contingent, direct or indirect) which such Scheme had, has or may have against the Dana Group, whether arising in contract, tort, equity, under statute or howsoever, (apart from any claims which any of the Schemes or their successors may have by virtue of their ownership of the shares in the Retained Businesses), and such discharge and release shall be automatic and irrevocable.

9.3 For the purposes of this Clause 9 only, “Dana Group” does not include the Company.

10. REPRESENTATIONS

Each Party makes the following representations on the date hereof:

10.1 **Status**

It is an entity duly organised under the laws of its jurisdiction of incorporation and has and will have the necessary power to enable it to enter into and perform its obligations under this Deed.

10.2 **Binding Obligations**

This Deed constitutes its legal, valid and binding obligations, enforceable against it in accordance with the terms of this Deed.

10.3 **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, this Deed do not and will not conflict with:

(A) any law or regulation applicable to it;

(B) its constitutional documents; or

(C) any agreement or instrument binding upon it or any of its assets.

10.4 **Power and authority**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed and the transactions contemplated herein.

10.5 **Validity and admissibility in evidence**

All authorisations and other actions, conditions and things required to be taken, fulfilled and done in order:

(A) to enable it lawfully to enter into, exercise its rights and comply with its obligations herein; and

(B) to make this Deed admissible in evidence in the courts of England

have been obtained or effected and are in full force and effect.

11. FURTHER ASSURANCE

11.1 Subject to documentation, each Party shall at its own expense, do all such acts and things as are necessary or desirable to give effect to the terms of this Deed

11.2 Dana UK agrees that a group company of Dana UK, other than NewHoldco, AxleCo and DriveShaftCo, shall accept responsibility for any tax liability which arises by reason of or in connection with the Hive Down.

12. COSTS AND EXPENSES

Each Party shall be responsible for its own costs and expenses (including legal fees) incurred by it in connection with the negotiation, preparation, printing and execution of this Deed and any other documents referred to in this Deed. For the avoidance of doubt, the reasonable costs of the PPF shall be borne by Dana UK.

13. MISCELLANEOUS

13.1 **Counterparts**

This Deed may be signed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

13.2 **Waiver**

No failure to exercise, and no delay in exercising, any right or remedy under this Deed will operate as waiver of that right or remedy nor will any single or partial exercise of any right or remedy preclude any other of further exercise of that right or remedy or the exercise of any other right or remedy.

13.3 **Confidentiality**

Each Party will keep confidential the terms of this Deed save as to:

(A) Dana Group in relation to any information (1) which Dana Group is required to disclose for the purposes of obtaining Clearance from the Pensions Regulator, completing the Hive Down, entering into the CVA, by applicable law or by an order of a court of competent jurisdiction, or (2) that is reasonably required to be communicated to the employees of Dana UK (a copy of such information to be sent to the Schemes as soon as reasonably possible after its dissemination);

(B) the Schemes in relation to any information which is permitted or reasonably required to be communicated to the members of the Schemes, such information to be notified in writing in advance to Dana UK;

(C) any information a Party is required to disclose by applicable law or an order of a court of competent jurisdiction but then only to the extent of such required disclosure. In such an event, such Party shall inform Dana UK promptly in writing (at the addresses listed in Schedule 1) of the nature and extent of the disclosure.

13.4 **Third party rights**

A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.

13.5 **Jurisdiction**

This Deed shall be governed by and construed in accordance with English Law. The Courts of England and Wales shall have exclusive jurisdiction in relation to this Deed.

AS WITNESS WHEREOF this Deed has been executed as a deed by the Parties hereto and is intended to be delivered and is hereby delivered as a deed on the date specified above.

Executed as a Deed)
by **DANA AUTOMOTIVE LIMITED**)
acting by)

/s/ E. A. Johnson

/s/ J. M. Clarke

Executed as a Deed)
by **DANA SPICER EUROPE**)
LIMITED acting by)

/s/ E. A. Johnson

/s/ J. M. Clarke

Executed as a Deed)
by **DANA SPICER LIMITED**)
acting by)

/s/ E. A. Johnson

/s/ J. M. Clarke

Executed as a Deed)
by **DANA UK 1 PLC**)
acting by)

/s/ E. A. Johnson

/s/ J. M. Clarke

Executed as a Deed)
by **ECHLIN EUROPE LIMITED**)
acting by)

/s/ E. A. Johnson

/s/ J. M. Clarke

Executed as a Deed)
by **SHELFCO 1882 LIMITED**)
acting by)

/s/ E. A. Johnson

/s/ J. M. Clarke

Executed as a Deed)
by **DANA UK AUTOMOTIVE**)
SYSTEMS LIMITED)
acting by)

/s/ E. A. Johnson

/s/ J. M. Clarke

Executed as a Deed)
by **DANA UK AXLE LIMITED**)
acting by)

/s/ E. A. Johnson

/s/ J. M. Clarke

Executed as a Deed)
by **DANA UK DRIVESHAFT LIMITED**)
acting by)

/s/ E. A. Johnson

/s/ J. M. Clarke

Executed as a Deed	)
by **DANA UK PENSION**	)
SCHEME LIMITED	)
acting by	)

/s/ Colin Parker

/s/ Alfons Sandoz

Executed as a Deed	)
by **DANA MANUFACTURING**	)
GROUP PENSION	)
SCHEME LIMITED	)
acting by	)

/s/ Robin Burkett Trustee Director

/s/ S. P. Harrison

Executed as a Deed	)
by **HOBOURN GROUP PENSION**	)
TRUST COMPANY LIMITED	)
acting by	)

/s/ M. A. Ashworth

/s/ S. P. Harrison

Executed as a Deed)
by **Q. H. PENSION**)
TRUSTEE LIMITED)
acting by)

/s/ M. Robbins

/s/ C. Jones

Executed as a Deed)
by **WHITELEY RISHWORTH**)
LIMITED)
acting by)

/s/ E. A. Johnson

/s/ J. M. Clarke

SCHEDULE 1

Dana UK

DANA AUTOMOTIVE LIMITED a company incorporated under the laws of England and Wales (Company Number: 02295800) and having its registered offices at the offices of Newsome Vaughan, Greyfriars House, Greyfriars Lane, Coventry, CV23 2GW;

DANA SPICER EUROPE LIMITED a company incorporated under the laws of England and Wales (Company Number: 00467474) and having its registered offices at the offices of Newsome Vaughan, Greyfriars House, Greyfriars Lane, Coventry, CV23 2GW ("**DSEL**");

DANA SPICER LIMITED a company incorporated under the laws of England and Wales (Company Number: 03672923) and having its registered offices at the offices of Newsome Vaughan, Greyfriars House, Greyfriars Lane, Coventry, CV23 2GW;

DANA UK 1 PLC a company incorporated under the laws of England and Wales (Company Number: 00455464) and having its registered offices at the offices of Newsome Vaughan, Greyfriars House, Greyfriars Lane, Coventry, CV23 2GW; and

ECHLIN EUROPE LTD, a company incorporated under the laws of England and Wales (Company Number: 01998884) and having its registered offices at the offices of Newsome Vaughan, Greyfriars House, Greyfriars Lane, Coventry, CV23 2GW

SHELFCO 1882 LIMITED, a company incorporated under the laws of England and Wales (Company Number 06057554) and having its registered office at 21 Tudor Street, London, EC4Y 0DJ

DANA UK AUTOMOTIVE SYSTEMS LIMITED, a company incorporated under the laws of England and Wales (Company Number 6088804) and having its registered office at 21 Tudor Street, London, EC4Y 0DJ (**"New HoldCo"**);

DANA UK AXLE LIMITED, a company incorporated under the laws of England and Wales (Company Number 6088792) and having its registered office at 21 Tudor Street, London, EC4Y 0DJ (**"AxleCo"**);

DANA UK DRIVESHAFT LIMITED, a company incorporated under the laws of England and Wales (Company Number 6088797) and having its registered office at 21 Tudor Street, London, EC4Y 0DJ (**"DriveShaftCo"**)

WHITELEY RISHWORTH LIMITED, a company incorporated under the laws of England and Wales (Company Number 02295731) and having its registered office at Newsome Vaughan, Greyfriars House, Greyfriars Lane, Coventry, West Midlands CV1 2GW (the "**Member**")

SCHEDULES 2-4

[Omitted]

EXHIBIT 31-A

Certification of Chief Executive Officer

I, Michael J. Burns, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dana 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: May 10, 2007

/s/ Michael J. Burns
Michael J. Burns
Chief Executive Officer

EXHIBIT 31-B

Certification of Chief Financial Officer

I, Kenneth A. Hiltz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dana 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: May 10, 2007

/s/ Kenneth A. Hiltz
Kenneth A. Hiltz
Chief Financial Officer

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

In connection with the Quarterly Report of Dana Corporation (Dana) on Form 10-Q for the three months ended March 31, 2007, 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: May 9, 2007

/s/ Michael J. Burns
Michael J. Burns
Chief Executive Officer

/s/ Kenneth A. Hiltz
Kenneth A. Hiltz
Chief Financial Officer