
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 28, 2007

Dana Corporation

(Exact name of registrant as specified in its charter)

Virginia

(State or other jurisdiction
of incorporation)

1-1063

(Commission File Number)

34-4361040

(IRS Employer
Identification Number)

4500 Dorr Street, Toledo, Ohio

(Address of principal executive offices)

43615

(Zip Code)

Registrant's telephone number, including area code: (419) 535-4500

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure.

On September 28, 2007, Dana Corporation (Dana) filed its unaudited Monthly Operating Report for the month ended August 31, 2007 with the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court) (*In re Dana Corporation, et al.*, Case No. 06-10354 (BRL)). A copy of this report is contained in the attached Exhibit 99.1.

The Monthly Operating Report was prepared solely for the purpose of complying with the monthly reporting requirements of, and is in a format acceptable to, the Office of the United States Trustee, Southern District of New York, and it should not be relied upon for investment purposes. The Monthly Operating Report is limited in scope and covers a limited time period. The financial information that it contains is unaudited.

The financial statements in the Monthly Operating Report are not prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Monthly Operating Report presents condensed financial information of Dana and its debtor and non-debtor subsidiaries, with Dana Credit Corporation (DCC) accounted for on an equity basis, rather than on a consolidated basis as required by GAAP.

Readers should not place undue reliance upon the financial information in the Monthly Operating Report, as there can be no assurance that such information is complete. The Monthly Operating Report may be subject to revision. The information in the Monthly Operating Report should not be viewed as indicative of future results.

Additional information about Dana's filing under the Bankruptcy Code, including access to court documents and other general information about the Chapter 11 cases, is available online at <http://www.dana.com/reorganization>.

The Monthly Operating Report is being furnished for informational purposes only and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as otherwise expressly stated in such filing. The filing of this Form 8-K shall not be deemed an admission as to the materiality of any information herein that is required to be disclosed solely by Regulation FD.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Dana Corporation's Monthly Operating Report for the Month of August 2007 (furnished but not filed)

Signatures

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 hereunto duly authorized.

Dana Corporation

(Registrant)

Date: September 28, 2007

By: /s/ Kenneth A. Hiltz

Kenneth A. Hiltz

Chief Financial Officer

Exhibit Index

Exhibit No.	Description
99.1	Dana Corporation's Monthly Operating Report for the Month of August 2007 (furnished but not filed)

JONES DAY
222 East 41st Street
New York, New York 10017
Telephone: (212) 326-3939
Facsimile: (212) 755-7306
Corinne Ball (CB 8203)
Richard H. Engman (RE 7861)

JONES DAY
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Telephone: (216) 586-3939
Facsimile: (216) 579-0212
Heather Lennox (HL 3046)
Carl E. Black (CB 4803)
Ryan T. Routh (RR 1994)

JONES DAY
1420 Peachtree Street, N.E.
Suite 800
Atlanta, Georgia 30309-3053
Telephone: (404) 521-3939
Facsimile: (404) 581-8330
Jeffrey B. Ellman (JE 5638)

Attorneys for Debtors
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

	:	
	:	Chapter 11
	:	
	:	Case No. 06-10354 (BRL)
	:	
In re	:	(Jointly Administered)
Dana Corporation, <i>et al.</i> ,	:	
Debtors.	:	
	:	

**MONTHLY OPERATING REPORT FOR DANA CORPORATION
AND ITS AFFILIATED DEBTORS FOR THE MONTH OF AUGUST 2007**



UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK JUDGE:
Burton R. Lifland

CASE NO: 06-10354 (BRL)
CHAPTER 11

DANA CORPORATION, ET AL. (1)
MONTHLY OPERATING REPORT
PERIOD COVERED: August 1, 2007 — August 31, 2007

DEBTORS' ADDRESS:
4500 Dorr Street
Toledo, OH 43615

MONTHLY DISBURSEMENTS:
\$ 413 million

DEBTORS' ATTORNEY:
Jones Day
222 East 41st Street
New York, NY 10017

MONTHLY NET LOSS:
\$ (103) million

REPORT PREPARER:
/s/ Kenneth A. Hiltz
SIGNATURE OF REPORT PREPARER

CHIEF FINANCIAL OFFICER
TITLE

KENNETH A. HILTZ
PRINTED NAME OF REPORT PREPARER

September 28, 2007
DATE

The report preparer, having reviewed the attached report and being familiar with the Debtors' financial affairs, verified under the penalty of perjury that the information contained therein is complete, accurate and truthful to the best of his knowledge. (2)

- (1) See next page for a listing of Debtors by case number.
(2) All amounts herein are unaudited and subject to revision.

In re Dana Corporation, et al.
Reporting Period: August 1, 2007 — August 31, 2007

<u>Debtors:</u>	<u>Case Number:</u>
Dana Corporation	06-10354
Dakota New York Corp	06-10351
Brake Systems, Inc.	06-10355
BWDAC, Inc.	06-10357
Coupled Products, Inc.	06-10359
Dana Atlantic, LLC	06-10360
Dana Automotive Aftermarket, Inc.	06-10362
Dana Brazil Holdings I, LLC	06-10363
Dana Brazil Holdings, LLC	06-10364
Dana Information Technology, LLC	06-10365
Dana International Finance, Inc.	06-10366
Dana International Holdings, LLC.	06-10367
Dana Risk Management Services, Inc.	06-10368
Dana Technology, Inc.	06-10369
Dana World Trade Corporation	06-10370
Dandorr L.L.C.	06-10371
Dorr Leasing Corporation	06-10372
DTF Trucking, Inc.	06-10373
Echlin-Ponce, Inc.	06-10374
EFMG, LLC	06-10375
EPE, Inc.	06-10376
ERS, LLC	06-10377
Flight Operations, Inc.	06-10378
Friction, Inc.	06-10379
Friction Materials, Inc.	06-10380
Glacier Vandervell, Inc.	06-10381
Hose & Tubing Products, Inc.	06-10382
Lipe Corporation	06-10383
Long Automotive, LLC	06-10384
Long Cooling, LLC	06-10385
Long USA, LLC	06-10386
Midland Brake, Inc.	06-10387
Prattville Mfg, Inc.	06-10388
Reinz Wisconsin Gasket, LLC	06-10390
Spicer Heavy Axle & Brake, Inc.	06-10391
Spicer Heavy Axle Holdings, Inc.	06-10392
Spicer Outdoor Power Equipment Components	06-10393
Torque-Traction Integration Technologies, LLC	06-10394
Torque-Traction Manufacturing Technologies, LLC	06-10395
Torque-Traction Technologies, LLC	06-10396
United Brake Systems, Inc.	06-10397

Case Number: 06-10354 (BRL) (Jointly Administered)

**DANA CORPORATION, ET AL.
MONTHLY OPERATING REPORT
August 2007**

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Other Information

While Dana Corporation (Dana) continues its reorganization under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code), investments in Dana securities are highly speculative. Although shares of Dana common stock continue to trade on the OTC Bulletin Board under the symbol "DCNAQ," the opportunity for any recovery by shareholders under a confirmed plan of reorganization is uncertain. If the Debtors' Joint Plan of Reorganization (the Plan) that was filed with the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court) on August 31, 2007, is ultimately confirmed, Dana's common shares will be cancelled and shareholders with allowed interests will be entitled to a pro rata share of the assets, if any, that remain in a reserve established for disputed unsecured claims after the holders of certain allowed claims have been paid in full, with interest. There is no assurance that the Plan will be adopted or, if it is, that there will be any residual assets left for the benefit of former holders of Dana common stock in the reserve established for disputed unsecured claims.

Case Number: 06-10354 (BRL) (Jointly Administered)

**DANA CORPORATION
DEBTOR IN POSSESSION
CONDENSED STATEMENT OF OPERATIONS
WITH DCC ON AN EQUITY BASIS (UNAUDITED)**

	<u>Month Ended</u> <u>August 31, 2007</u> <u>(in millions)</u>	<u>Year to Date</u> <u>August 31, 2007</u> <u>(in millions)</u>
Net sales	\$ 739	\$ 5,832
Costs and expenses		
Cost of sales	698	5,513
Selling, general and administrative expenses	28	237
Realignment charges	6	163
Other income, net	10	81
Income from operations	17	—
Interest expense (contractual interest of \$21 in August and \$133 year to date)	11	60
Reorganization items, net	110	197
Loss before income taxes	(104)	(257)
Income tax expense	6	29
Minority interest expense	1	9
Equity in earnings of affiliates	1	27
Loss from continuing operations	(110)	(268)
Income (loss) from discontinued operations	7	(49)
Net loss	<u>\$ (103)</u>	<u>\$ (317)</u>

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

Case Number: 06-10354 (BRL) (Jointly Administered)

**DANA CORPORATION
DEBTOR IN POSSESSION
CONDENSED BALANCE SHEET
WITH DCC ON AN EQUITY BASIS (UNAUDITED)**

August 31, 2007
(in millions)

Assets	
Current assets	
Cash and cash equivalents	\$ 1,071
Accounts receivable	
Trade	1,311
Other	309
Inventories	822
Assets of discontinued operations	85
Other current assets	141
Total current assets	3,739
Investments in equity affiliates	435
Property, plant and equipment, net	1,713
Other noncurrent assets	991
Total assets	\$ 6,878
Liabilities and shareholders' deficit	
Current liabilities	
Debtor-in-possession financing	\$ 900
Notes payable, including current portion of long-term debt	66
Accounts payable	1,080
Liabilities of discontinued operations	39
Other accrued liabilities	822
Total current liabilities	2,907
Liabilities subject to compromise	4,067
Other non-current liabilities	472
Long-term debt	13
Minority interest in consolidated subsidiaries	92
Total liabilities	7,551
Shareholders' deficit	(673)
Total liabilities and shareholders' deficit	\$ 6,878

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

Case Number: 06-10354 (BRL) (Jointly Administered)

**DANA CORPORATION
DEBTOR IN POSSESSION
CONDENSED STATEMENT OF CASH FLOWS
WITH DCC ON AN EQUITY BASIS (UNAUDITED)**

	<u>Month Ended August 31, 2007</u> (in millions)	<u>Year to Date August 31, 2007</u> (in millions)
Operating activities		
Net loss	\$ (103)	\$ (317)
Depreciation and amortization	23	184
Loss (gain) on sale of businesses	7	(8)
Non-cash portion of U.K. pension charge		60
Increase in working capital	(75)	(103)
Unremitted equity in earnings of affiliates	(1)	(27)
Contract rejections and claim settlements	106	125
Other	10	(41)
Net cash flows used for operating activities	<u>(33)</u>	<u>(127)</u>
Investing activities		
Purchases of property, plant and equipment	(26)	(135)
Proceeds from sale of assets	18	390
Other	9	4
Net cash flows provided by investing activities	<u>1</u>	<u>259</u>
Financing activities		
Net change in short-term debt	25	34
Proceeds from DIP Credit Agreement		200
Net cash flows provided by financing activities	<u>25</u>	<u>234</u>
Net increase (decrease) in cash and cash equivalents	(7)	366
Cash and cash equivalents — beginning of period	<u>1,078</u>	<u>705</u>
Cash and cash equivalents — end of period	<u>\$ 1,071</u>	<u>\$ 1,071</u>

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

Case Number: 06-10354 (BRL) (Jointly Administered)

DANA CORPORATION, ET AL.
DEBTOR IN POSSESSION
NOTES TO MONTHLY OPERATING REPORT
(Dollars in millions)

Note 1. Basis of Presentation

General

Dana and its consolidated subsidiaries are a leading supplier of axle, driveshaft, engine, structural, sealing and thermal products. Dana designs and manufactures products for every major vehicle producer in the world and is focused on being an essential partner to its automotive, commercial truck and off-highway vehicle customers.

On March 3, 2006 (the Filing Date), Dana and forty of its wholly-owned domestic subsidiaries (collectively, the Debtors) filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. These Chapter 11 cases are being administered jointly under Case Number 06-10354 (BRL) and are collectively referred to as the "Bankruptcy Cases." A listing of the Debtors and their respective case numbers is set forth at the beginning of this Monthly Operating Report. Neither DCC and its subsidiaries nor any of Dana's non-U.S. subsidiaries are Debtors. See Note 2 for more information about the reorganization proceedings.

This Monthly Operating Report has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in the Bankruptcy Cases and is in a format acceptable to the Office of the United States Trustee for the Southern District of New York (the U.S. Trustee) and to the lenders under the DIP Credit Agreement which is discussed in Note 3. The financial information contained herein is limited in scope and covers a limited time period. Moreover, such information is unaudited and, as discussed below, is not prepared in accordance with accounting principles generally accepted in the United States (GAAP). Accordingly, this Monthly Operating Report should not be used for investment purposes.

Accounting Requirements

The condensed financial statements herein have been prepared in accordance with the guidance in 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. SOP 90-7 generally does not change the manner in which financial statements are prepared. However, it does require that the financial statements for periods subsequent to the filing of the Chapter 11 petition distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business.

Financial Statements Presented

The unaudited condensed financial statements and supplemental information contained herein present the condensed financial information of Dana and its Debtor and non-Debtor subsidiaries with DCC accounted for on an equity basis. Accordingly, intercompany transactions with DCC have not been eliminated in these financial statements and amounts owed are presented as intercompany loans and payables. This presentation of condensed Dana financial statements with DCC on an equity basis, while consistent in format with the financial information required to be provided to the lenders under the DIP Credit Agreement and acceptable to the U.S.

Case Number: 06-10354 (BRL) (Jointly Administered)

Trustee, does not conform to GAAP, which requires that DCC and its subsidiaries be consolidated along with Dana's other majority-owned subsidiaries.

For consolidated financial statements for Dana and its consolidated subsidiaries prepared in conformity with GAAP and the notes thereto, see Dana's Annual Report on Form 10-K for the year ended December 31, 2006 (the 2006 Form 10-K) and Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2007, which have been filed with the U.S. Securities and Exchange Commission (the SEC).

The condensed statement of operations and cash flows presented herein are for the month and the eight months ended August 31, 2007. "Schedule 1. Cash Disbursements by Debtors" contains further information regarding cash disbursements made by each of the Debtors during the post-petition period of August 1, 2007 to August 31, 2007.

The condensed financial statements presented herein with DCC accounted for on an equity basis have been derived from Dana's internal books and records. They include normal recurring adjustments and adjustments that are consistent with those made for financial statements prepared in accordance with GAAP. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted.

The financial information used in the preparation of this report was not subjected to the procedures customarily applied in the preparation of Dana's quarterly financial information prepared in accordance with GAAP. Accordingly, the financial information herein is subject to change and any such change could be material. The results of operations in this report are not necessarily indicative of results which may be expected for any other period or the full year and may not be representative of Dana's consolidated results of operations, financial position and cash flows in the future.

Note 2. Reorganization Proceedings

The Debtors are managing their businesses in the ordinary course as debtors in possession, subject to the supervision of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court.

Official committees of the Debtors' unsecured creditors and retirees not represented by unions have been appointed in the Bankruptcy Cases and, in accordance with the provisions of the Bankruptcy Code, have the right to be heard on all matters that come before the Bankruptcy Court. The Debtors are required to 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 and subsequently disbanded.

The Debtors have received approval from the Bankruptcy Court to pay or otherwise honor certain of their pre-petition obligations, subject to certain restrictions, including employee wages, salaries, certain benefits and other employee obligations; claims of foreign vendors and certain suppliers that are critical to the Debtors' continued operation; and certain customer program and warranty claims.

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Under the Bankruptcy Code, the Debtors have the right to assume or reject executory contracts (i.e., contracts that are to be performed by both contract parties after the Filing Date) and unexpired leases, subject to Bankruptcy Court approval and other limitations. In this context, "assuming" executory contracts or unexpired leases generally means that the Debtors will agree to perform their obligations and cure certain existing defaults under the contracts or leases and "rejecting" them means that the Debtors will be relieved of their obligations to perform further under the contracts or leases, which may give rise to unsecured pre-petition claims for damages for the breach thereof. Since the Filing Date, the Bankruptcy Court has authorized the Debtors to assume or reject certain unexpired leases and executory contracts. The Plan addresses the proposed treatment of outstanding unexpired leases and executory contracts upon the Debtors' emergence from bankruptcy.

The Debtors have filed schedules of assets and liabilities existing on the Filing Date, including certain amendments to the initial schedules, with the Bankruptcy Court. The Bankruptcy Court established September 21, 2006 as the general bar date (the date by which most entities that wished to assert a pre-petition claim against a Debtor had to file a proof of claim in writing). Asbestos-related personal injury claimants, as well as certain other categories of claimants, were not required to file proofs of claim by the general bar date. The Debtors continue to process, evaluate, investigate and reconcile the claims that were submitted. The Debtors have objected to thousands of claims to date and expect to file additional claim objections with the Bankruptcy Court. Pre-petition claims are recorded as liabilities subject to compromise. See Note 4 for more information about liabilities subject to compromise. The Plan addresses the proposed treatment of outstanding claims upon emergence. Under the Plan, the Debtors propose that asbestos-related personal injury claims be reinstated upon emergence and that the reorganized Debtors will defend, settle and resolve such pending and future claims in the ordinary course of business.

The Bankruptcy Court has entered an order establishing procedures for trading in claims and equity securities which 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 stock are subject to certain notice and consent procedures prior to acquiring or disposing of Dana common 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 subject to a requirement to sell down the excess claims if necessary to implement such a plan of reorganization. The Plan contemplates utilizing tax benefits under Section 382(l)(6) of the Internal Revenue Code.

With Bankruptcy Court approval, the Debtors have entered into (i) settlement agreements with their two largest U.S. unions providing terms for settling all outstanding issues with these unions related to the Bankruptcy Cases; (ii) a plan support agreement setting out the terms under which these unions, Centerbridge Capital Partners, L.P. (Centerbridge), and certain unsecured creditors will support the Debtors' plan of reorganization; and (iii) an investment agreement providing for Centerbridge to purchase \$250 in Series A convertible preferred shares of reorganized Dana, with qualified creditors of the Debtors having an opportunity to purchase \$500 in Series B convertible preferred shares and Centerbridge agreeing to purchase up to \$250 of the Series B preferred shares that are not purchased by the qualified creditors. Under these agreements, if a plan of reorganization for the Debtors does not become effective by February 28, 2008, individual supporting creditors may withdraw their support and if it does not become effective by May 1, 2008, the plan support agreement will expire.

Case Number: 06-10354 (BRL) (Jointly Administered)

The Debtors filed the Plan and the related Disclosure Statement with the Bankruptcy Court on August 31, 2007. Copies of these documents, which are subject to the review and approval of the Bankruptcy Court, are contained in a Current Report on Form 8-K that Dana filed with the SEC on September 4, 2007. The Plan describes the anticipated organization, operations and financing of reorganized Dana if the Plan is approved by the Bankruptcy Court and becomes effective. Among other things, the Plan incorporates the Debtors' commitments under the union settlement agreements and Centerbridge investment agreement discussed above. Certain provisions of the Plan are the subject of continuing negotiation among the Debtors and various parties, have not been fully agreed upon, and may be modified. The Disclosure Statement contains certain information about the Debtors' pre-petition operating and financial history, the events leading up to the commencement of the Bankruptcy Cases, and significant events that have occurred during the Bankruptcy Cases. The Disclosure Statement also describes the terms and provisions of the Plan, including certain effects of confirmation of the Plan; certain risk factors associated with securities to be issued under the Plan; certain alternatives to the Plan; the manner in which distributions will be made under the Plan; and the confirmation process and the voting procedures that holders of claims and interests entitled to vote under the Plan must follow for their votes to be counted. The Bankruptcy Court has scheduled a hearing on October 23, 2007 to determine whether the Disclosure Statement contains sufficient information to enable those persons who are entitled to vote on the Plan to make a decision on how to vote.

Pursuant to procedures established by the Bankruptcy Court to be followed by any qualified potential investor interested in exploring a proposal that would be an alternative to the Centerbridge investment, Appaloosa Management, L.P. has delivered an offer for an alternative investment to the Debtors and the Official Committee of Unsecured Creditors in the Bankruptcy Cases. Dana has reviewed and considered this offer, as contemplated by the alternative proposal procedures. Discussions among the various parties and constituents are ongoing.

Taxes

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards 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 by the enacted tax laws. Based on a history of losses in the U.S. and near-term prospects for continued losses, Dana established a 100% valuation allowance against its U.S. federal deferred tax assets in 2005. Deferred tax assets resulting from subsequent U.S. losses have been offset by increases in the valuation allowances, effectively eliminating the benefit of those losses. Similar valuation allowances are recorded in other countries, most notably the U.K., where, based on the profit outlook, realization of the deferred taxes does not satisfy the more likely than not recognition criterion.

The Debtors have received Bankruptcy Court approval to pay pre-petition sales, use and certain other taxes in the ordinary course of their businesses. The Debtors believe that they have paid all taxes when due from and after the Filing Date, other than those taxes that they have been unable to pay due to the commencement of the Bankruptcy Cases. See "Schedule 2. Payroll Taxes Paid" and "Schedule 3. Post-petition Sales, Use and Property Taxes Paid" for information regarding taxes paid. The Debtors believe that all tax returns are being prepared and filed when due, or extended as necessary, and that they are paying all post-petition taxes as they become due or obtaining extensions for the payment thereof.

Case Number: 06-10354 (BRL) (Jointly Administered)

Note 3. Financing

DIP Credit Agreement

Dana, as borrower, and its Debtor U.S. subsidiaries, as guarantors, are parties to a Senior Secured Superpriority Debtor-in-Possession Credit Agreement (the DIP Credit Agreement) with Citicorp North America, Inc., as agent, initial lender and an issuing bank, and with Bank of America, N.A. and JPMorgan Chase Bank, N.A., as initial lenders and issuing banks. The DIP Credit Agreement, as amended, has been approved by the Bankruptcy Court. The aggregate amount of the facility is presently \$1,550, including a \$650 revolving credit facility (of which \$400 is available for the issuance of letters of credit) and a \$900 term loan facility. For a discussion of the terms of the DIP Credit Agreement, see Note 10 to the consolidated financial statements in Item 8 of the 2006 Form 10-K.

In January 2007, Dana borrowed \$200 under the term loan facility bringing the total borrowed under the facility to \$900. Based on its borrowing base collateral, Dana had availability under the DIP Credit Agreement at August 31, 2007 of \$249 after deducting the \$100 minimum availability requirement and \$230 for outstanding letters of credit.

The DIP Credit Agreement currently requires Dana and its consolidated subsidiaries to maintain a rolling 12-month cumulative EBITDAR (earnings before interest, taxes, depreciation, amortization, restructuring and reorganization charges and other items, as defined in the DIP Credit Agreement) at specified levels as of the last day of each calendar month. The EBITDAR requirement for the period ended August 31, 2007 was \$200 and actual EBITDAR for that period was \$366, calculated as follows:

EBITDAR Calculation

	September 1, 2006 to August 31, 2007 (in millions)	Year to Date August 31, 2007 (in millions)
Net loss	\$ (843)	\$ (317)
Plus -		
Interest expense	81	60
Income tax expense	89	29
Depreciation and amortization expense	278	184
Asset impairment	70	
Goodwill impairment	46	
Realignment charges	243	163
Reorganization items, net	219	197
Loss from discontinued operations	137	49
Minority interest	13	9
Less -		
Equity in earnings (loss) of affiliates	(87)	27
Non-recurring items	12	17
Interest income	42	29
EBITDAR	<u>\$ 366</u>	<u>\$ 301</u>

Case Number: 06-10354 (BRL) (Jointly Administered)

In April 2007, certain of Dana's U.K. subsidiaries settled their continuing pension plan obligations through a cash payment of \$93 and the transfer of a 33% equity interest in Dana's remaining U.K. axle and driveshaft operating businesses for the benefit of the plan participants. As a result of this pension settlement, realignment charges in the above table include \$136 for the first eight months of 2007 and loss from discontinued operations includes \$17 for the same period.

For Annual Incentive Plan (AIP) purposes, a definition of EBITDAR is used that excludes certain items included in the above definition. The year-to-date EBITDAR for AIP purposes as of August 31, 2007 was \$292.

Canadian Credit Agreement

In June 2006, Dana Canada Corporation (Dana Canada), as borrower, and certain of its Canadian affiliates, as guarantors, entered into a Credit Agreement (the Canadian Credit Agreement) with Citibank Canada as agent, initial lender and an issuing bank, and with JPMorgan Chase Bank, N.A., Toronto Branch and Bank of America, N.A., Canada Branch, as initial lenders and issuing banks. The Canadian Credit Agreement provides a \$100 revolving credit facility, of which \$5 is available for the issuance of letters of credit. At August 31, 2007, based on Dana Canada's borrowing base collateral, it had availability of \$55 after deducting the \$20 minimum availability requirement and \$2 for currently outstanding letters of credit. Dana Canada had no borrowings under this agreement at August 31, 2007.

European Receivables Loan Facility

In July 2007, certain of Dana's non-Debtor European subsidiaries entered into definitive agreements to establish a five-year accounts receivable securitization facility under which the euro equivalent of approximately \$225 in financing is available to them. Under the agreements, these subsidiaries may, directly or indirectly, sell certain receivables to a special purpose limited liability company incorporated in Ireland, which will pay for the receivables with the proceeds of (i) loans from GE Leveraged Loans Limited (GE) and other lenders and (ii) subordinated loans from another Dana subsidiary. The purchased accounts receivable are included in Dana's consolidated financial statements (because the special purpose company does not meet certain accounting requirements for treatment as a "qualifying special purpose entity" under GAAP and the sellers retain control of the assets that secure the loans), as are the loans to the special purpose company from GE and the participating lenders. The sales of the accounts receivable and the subordinated loans are eliminated in consolidation. The proceeds from the sales of the transferred receivables will principally be reinvested in Dana's European businesses, including the repayment of intercompany debt. Borrowings under this facility totaled \$29 at August 31, 2007.

Case Number: 06-10354 (BRL) (Jointly Administered)

Note 4. Liabilities Subject to Compromise

As a result of the Chapter 11 filings, the Debtors' pre-petition indebtedness is subject to compromise or other treatment under a plan of reorganization. SOP 90-7 requires that pre-petition liabilities subject to compromise be reported at the amounts expected to be allowed as claims, even if they may ultimately be settled for different amounts. The amounts currently classified as liabilities subject to compromise represent Dana's estimate of known or potential pre-petition claims to be addressed in connection with the Bankruptcy Cases and include the liabilities subject to compromise of discontinued operations. Such claims remain subject to future adjustments resulting from, among other things, negotiations with creditors, rejection of executory contracts and unexpired leases and orders of the Bankruptcy Court.

The amount of liabilities subject to compromise reported herein was \$4,067 at August 31, 2007. This amount includes an intercompany payable to DCC of \$325 (the DCC Claim) which is not eliminated under this basis of presentation. In addition, substantially all of the Debtors' pre-petition debt is in default due to the bankruptcy filing and Debtors' pre-petition debt of \$1,585 is also included in liabilities subject to compromise. The Plan addresses the proposed treatment of the Debtor's pre-petition debt and the DCC Claim.

At the Filing Date, in accordance with SOP 90-7, Dana 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 \$21 and \$133 for the one month and eight months ended August 31, 2007.

Note 5. Reorganization Items

SOP 90-7 requires that reorganization items, such as professional fees directly related to the process of reorganizing under Chapter 11 and adjustments to the carrying value of certain pre-petition liabilities to their estimated allowable claim amounts, be reported separately. The Debtors' reorganization expense items for the month of August 2007 consisted of professional fees and contract rejection damages, partially offset by interest income. Contract rejection damages for August included a general, unsecured, non-priority claim of \$90 allowed under a previously reported settlement agreement with Sypris Solutions, Inc. (Sypris). The settlement amount, which primarily covers damages alleged by Sypris in connection with renegotiation of existing supply agreements, is recorded in liabilities subject to compromise.

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Pursuant to orders of the Bankruptcy Court, professionals retained by the Debtors and by the official statutory committees appointed in the Bankruptcy Cases are entitled to receive payment for their fees and expenses on a monthly basis, subject to compliance with certain procedures established by the Bankruptcy Code and orders of the Bankruptcy Court. In some cases, the professionals retained by the Debtors in the Bankruptcy Cases are also providing services to the Debtors' non-Debtor subsidiaries and are being paid for such services by the non-Debtor subsidiaries. With respect to the Debtors' foreign non-Debtor subsidiaries, payments for services to these entities in U.S. dollars are being made by the Debtors and reimbursed by the foreign non-Debtor subsidiaries through the ordinary course netting process established under the Debtors' consolidated cash management system. In addition, under the terms of the DIP Credit Agreement, the Debtors are obligated to reimburse the lenders for the fees and expenses of their professionals. The Debtors are making the required payments to such professionals, as described above, and believe they are current with regard to such payments.

Note 6. Post-petition Accounts Payable

The Debtors believe that all undisputed post-petition accounts payable have been and are being paid under agreed payment terms and the Debtors intend to continue paying all undisputed post-petition obligations as they become due. See "Schedule 1. Cash Disbursements by Debtors" for post-petition disbursements in August 2007.

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In re Dana Corporation, et al.
Reporting Period: August 1, 2007 — August 31, 2007
Cash Disbursements by Debtors
(Dollars in 000s)

Schedule 1

Petitioning Entities:	Case Number:	August 2007 Disbursements
Dana Corporation	06-10354	\$ 412,267
Dakota New York Corp	06-10351	
Brake Systems, Inc.	06-10355	
BWDAC, Inc.	06-10357	
Coupled Products, Inc.	06-10359	
Dana Atlantic, LLC	06-10360	266
Dana Automotive Aftermarket, Inc.	06-10362	
Dana Brazil Holdings I, LLC	06-10363	
Dana Brazil Holdings, LLC	06-10364	
Dana Information Technology, LLC	06-10365	
Dana International Finance, Inc.	06-10366	
Dana International Holdings, Inc.	06-10367	
Dana Risk Management Services, Inc.	06-10368	189
Dana Technology, Inc.	06-10369	
Dana World Trade Corporation	06-10370	
Dandorr L.L.C.	06-10371	
Dorr Leasing Corporation	06-10372	
DTF Trucking, Inc.	06-10373	
Echlin-Ponce, Inc.	06-10374	
EFMG, LLC	06-10375	
EPE, Inc.	06-10376	
ERS, LLC	06-10377	
Flight Operations, Inc.	06-10378	
Friction, Inc.	06-10379	
Friction Materials, Inc.	06-10380	
Glacier Vandervell, Inc.	06-10381	2
Hose & Tubing Products, Inc.	06-10382	
Lipe Corporation	06-10383	
Long Automotive, LLC	06-10384	
Long Cooling, LLC	06-10385	
Long USA, LLC	06-10386	
Midland Brake, Inc.	06-10387	
Prattville Mfg, Inc.	06-10388	
Reinz Wisconsin Gasket, LLC	06-10390	1
Spicer Heavy Axle & Brake, Inc.	06-10391	
Spicer Heavy Axle Holdings, Inc.	06-10392	
Spicer Outdoor Power Equipment Components	06-10393	
Torque-Traction Integration Technologies, LLC	06-10394	
Torque-Traction Manufacturing Technologies, LLC	06-10395	103
Torque-Traction Technologies, LLC	06-10396	
United Brake Systems, Inc.	06-10397	
Total Cash Disbursements		<u>\$ 412,828(a)</u>

(a) Total disbursements may include certain payments made by the Debtors on behalf of non-Debtors pursuant to their cash management order. Disbursements are actual cash disbursements incurred for the month.

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In re Dana Corporation, et al.
 Reporting Period: August 1, 2007 — August 31, 2007
 Payroll Taxes Paid

Schedule 2

(Dollars in 000s)

FEDERAL				TOTALS
Liabilities incurred or withheld				
FIT	FICA-ER	FICA-EE	FUTA	
\$9,290	\$4,584	\$4,584	\$—	\$18,458
Deposits released and pending				
FIT	FICA-ER	FICA-EE	FUTA	
\$(9,290)	\$(4,584)	\$(4,584)	\$—	\$(18,458)
STATE				TOTALS
Liabilities incurred or withheld				
SIT	SUI-ER	SUI-EE	SDI-EE	
\$2,219	\$—	\$—	\$7	\$2,227
Deposits released and pending				
SIT	SUI-ER	SUI-EE	SDI-EE	
\$(2,219)	\$—	\$—	\$(7)	\$(2,227)
LOCAL				TOTALS
Liabilities incurred or withheld				
CIT				
\$536				\$536
Deposits released and pending				
CIT				
\$(536)				\$(536)

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In re Dana Corporation, et al.
 Reporting Period: August 1, 2007 — August 31, 2007
 Post-petition Sales, Use and Property Taxes Paid

Schedule 3

(Dollars in 000s)

Tax Authority	State	Type of Tax	Taxes Paid
Bronson City Treasurer	MO	Property	(A)
Boyle County Tax Administrator	KY	Miscellaneous	(A)
City of Auburn Hills	MI	Property	313
City of Crossville	TN	Property	18
City of Glasgow	KY	Property	2
City of St. Clair	MI	Property	80
Commonwealth of Pennsylvania	PA	Miscellaneous	18
Daviess County Sheriff	KY	Property	14
Escambia County Tax Collector	FL	Property	235
Florida Dept of Revenue	FL	Sales/use	3
Garland Independent School District	TX	Property	133
Harrison County Treasurer	TX	Property	28
Illinois Dept of Revenue	IL	Sales/use	1
Indiana Dept of Revenue	IN	Sales/use	15
Iredell County Tax Collector	TN	Property	121
Kentucky Dept of Revenue	KY	Sales/use	63
King County Treasurer	WA	Property	13
Lucas County Treasurer	OH	Property	44
Maumee City Schools	OH	Property	45
Michigan Dept of Treasury	MI	Sales/use	17
Missouri Dept of Revenue	MO	Sales/use	11
New York State Tax Commission	NY	Income	1
Ohio State Treasurer	OH	Commercial Activity	256
Ohio State Treasurer	OH	Sales/use	81
Pennsylvania Dept of Revenue	PA	Sales/use	(A)
Pottstown Tax Collector	PA	Property	96
South Carolina Dept of Revenue	SC	Sales/use	1
Southfield Township Treasurer	MI	Property	(A)
State of Michigan	MI	Miscellaneous	27
Tennessee Dept of Revenue	TN	Sales/use	26
Texas Comptroller	TX	Sales/use	4
United States Treasury		Miscellaneous	1
Village of Bingham Farms	MI	Property	(A)
Wood County Treasurer	OH	Property	3
Wisconsin Dept of Revenue	WI	Sales/use	1
Wyandot County Treasurer	OH	Property	116
			\$ 1,787

(A) - amount less than one thousand dollars

Case Number: 06-10354 (BRL) (Jointly Administered)