



---

**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): December 20, 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))
- 
-

**Item 7.01. Regulation FD Disclosure.**

On December 20, 2007, Dana Corporation (Dana) filed its unaudited Monthly Operating Report for the month ended November 30, 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 Dana Corporation and its Affiliated Debtors for the Month of November 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: December 20, 2007

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

## Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Dana Corporation's Monthly Operating Report for Dana Corporation and its Affiliated Debtors for the Month of November 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**

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

**MONTHLY OPERATING REPORT FOR DANA CORPORATION  
AND ITS AFFILIATED DEBTORS FOR THE MONTH OF NOVEMBER 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: November 1, 2007 — November 30, 2007**

**DEBTORS' ADDRESS:**

**4500 Dorr Street  
Toledo, OH 43615**

**MONTHLY DISBURSEMENTS:**

**\$380 million**

**DEBTORS' ATTORNEY:**

**Jones Day  
222 East 41st Street  
New York, NY 10017**

**MONTHLY NET LOSS:**

**\$(29) million**

**REPORT PREPARER:**

/s/ Kenneth A. Hiltz

SIGNATURE OF REPORT PREPARER

CHIEF FINANCIAL OFFICER

TITLE

KENNETH A. HILTZ

PRINTED NAME OF REPORT PREPARER

December 20, 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: November 1, 2007 — November 30, 2007**

Debtors:	Case Number:
Dana Corporation	06-10354
Dakota New York Corp	06-10351
Brake Systems, Inc.	06-10355
BWDAC, Inc.	06-10357
CP Products, Inc. (f/k/a 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, Inc.	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
Liipe 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**  
**November 2007**

**Index**

	<u>Page</u>
<b>Financial Statements</b>	
Condensed Statement of Operations with Dana Credit Corporation (DCC) on an Equity Basis (Unaudited) - - Month and Eleven Months Ended November 30, 2007	4
Condensed Balance Sheet with DCC on an Equity Basis (Unaudited) — November 30, 2007	5
Condensed Statement of Cash Flows with DCC on an Equity Basis (Unaudited) — Month and Eleven Months Ended November 30, 2007	6
<b>Notes to Monthly Operating Report</b>	
Note 1. Basis of Presentation	7
Note 2. Reorganization Proceedings	8
Note 3. Financing	11
Note 4. Liabilities Subject to Compromise	13
Note 5. Reorganization Items	13
Note 6. Post-petition Accounts Payable	14
<b>Schedules</b>	
Schedule 1. Cash Disbursements by Debtors	15
Schedule 2. Payroll Taxes Paid	16
Schedule 3. Post-petition Sales, Use and Property Taxes Paid	17

**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. Shares of Dana common stock continue to trade on the OTC Bulletin Board under the symbol "DCNAQ." On December 12, 2007, the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court) overruled the remaining unresolved objections to Dana's Third Amended Joint Plan of Reorganization of Debtors and Debtors in Possession dated October 23, 2007 (as amended, the Plan) and ruled that it would confirm the Plan upon submission of an "appropriate order of confirmation." Dana expects to submit a proposed form of confirmation order by December 21, 2007 to be considered by the Bankruptcy Court. Upon entry of the confirmation order and the occurrence of the effective date of the Plan (The Effective Date), Dana 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 allowed unsecured claims have been paid in full, with interest. There is no assurance that the effective date will occur or, if it does, that there will be any residual assets left for the benefit of current holders of Dana common shares. The Debtors do not anticipate that the holders of Dana common shares will receive any distribution under the Plan.

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>November 30, 2007</u> <u>(in millions)</u>	<u>Year to Date</u> <u>November 30, 2007</u> <u>(in millions)</u>
<b>Net sales</b>	\$ 778	\$ 8,141
Costs and expenses		
Cost of sales	760	7,701
Selling, general and administrative expenses	7	298
Realignment charges, net	5	169
Other income, net	6	124
Income from operations	12	97
Interest expense (contractual interest of \$18 in November and \$183 year to date)	10	85
Reorganization items, net	8	188
Loss before income taxes	(6)	(176)
Income tax expense	9	35
Minority interest expense	2	13
Equity in earnings of affiliates	—	22
<b>Loss from continuing operations</b>	<u>(17)</u>	<u>(202)</u>
<b>Loss from discontinued operations</b>	<u>(12)</u>	<u>(103)</u>
<b>Net loss</b>	<u>\$ (29)</u>	<u>\$ (305)</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)**

	<u>November 30, 2007</u> (in millions)
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,174
Accounts receivable	
Trade	1,407
Other	293
Inventories	832
Assets of discontinued operations	41
Other current assets	154
Total current assets	3,901
Investments in equity affiliates	430
Property, plant and equipment, net	1,752
Other non-current assets	1,048
Total assets	\$ 7,131
<b>Liabilities and shareholders' deficit</b>	
Current liabilities	
Notes payable, including current portion of long-term debt	\$ 177
Debtor-in-possession financing	900
Accounts payable	1,115
Liabilities of discontinued operations	18
Other accrued liabilities	847
Total current liabilities	3,057
Liabilities subject to compromise	4,009
Other non-current liabilities	487
Long-term debt	13
Minority interest in consolidated subsidiaries	99
Total liabilities	7,665
Shareholders' deficit	(534)
Total liabilities and shareholders' deficit	\$ 7,131

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 November 30, 2007 (in millions)</u>	<u>Year to Date November 30, 2007 (in millions)</u>
<b>Operating activities</b>		
Net loss	\$ (29)	\$ (305)
Depreciation and amortization	24	254
Loss on sale of businesses		4
Non-cash portion of U.K. pension charge		60
Increase in working capital	(19)	(184)
Equity in earnings of affiliates		(22)
Reorganization items, net of payments	3	63
Other	26	43
<b>Net cash flows provided by (used for) operating activities</b>	<u>5</u>	<u>(87)</u>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(24)	(198)
Proceeds from sale of assets		400
Other		26
<b>Net cash flows provided by (used for) investing activities</b>	<u>(24)</u>	<u>228</u>
<b>Financing activities</b>		
Net change in short-term debt	11	(2)
Proceeds from European securitization program		130
Proceeds from DIP Credit Agreement		200
<b>Net cash flows provided by financing activities</b>	<u>11</u>	<u>328</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(8)	469
<b>Cash and cash equivalents — beginning of period</b>	1,182	705
<b>Cash and cash equivalents — end of period</b>	<u>\$ 1,174</u>	<u>\$ 1,174</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, structures, 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.

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

## 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. 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, June 30, and September 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 eleven months ended November 30, 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 November 1, 2007 to November 30, 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. 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.

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

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' assumption and rejection of certain executory contracts and unexpired leases. The Plan and certain procedures approved by the Bankruptcy Court address the proposed treatment of outstanding executory contracts and unexpired leases upon the Debtors' emergence from bankruptcy.

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 (the Union Settlement Agreements); (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; (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 up to \$540 in Series B convertible preferred shares and Centerbridge agreeing to purchase up to \$250 of the Series B convertible preferred shares that are not purchased by the qualified creditors (Investment Agreement); and (iv) a letter agreement dated October 18, 2007 with Dana, members of the ad hoc steering committee of Dana's bondholders and certain of their affiliates (the Backstop Commitment Letter) who severally agreed to purchase up to \$290 in Series B convertible preferred shares of reorganized Dana that are not subscribed for by qualified supporting creditors in the offering or purchased by Centerbridge in accordance with its obligations under the Investment Agreement. Through these arrangements, reorganized Dana has obtained contractual assurance that it will raise \$790 through the offering to qualified investors and the commitments of Centerbridge and the Backstop Investors. 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.

The Bankruptcy Court entered an order in August 2006 establishing procedures for trading in claims and equity securities that is designed to protect the Debtors' potentially valuable tax attributes (such as NOL 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 prior to 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. However, in accordance with the agreement with the new investors, the Plan contemplates utilizing tax benefits under Section 382(l)(6) of the Internal Revenue Code, rather than Section 382(l)(5). Accordingly, under the Plan, no sell-down of claims will be required.

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

The Debtors filed the Plan and the Third Amended Disclosure Statement with respect to such Plan (the Disclosure Statement) with the Bankruptcy Court on October 23, 2007. On October 23, 2007, the Bankruptcy Court approved the Disclosure Statement authorizing the Debtors to begin soliciting votes from their creditors to accept or reject the Plan. By that order, the Bankruptcy Court determined that the Disclosure Statement contained adequate information for creditors who were entitled to vote on the Plan. On December 12, 2007, the Bankruptcy Court overruled the remaining unresolved objections to the Plan and ruled that it would confirm the Plan upon submission of an "appropriate order of confirmation." Dana expects to submit a proposed form of confirmation order by December 21, 2007 to be considered by the Bankruptcy Court. Copies of the Plan and the Disclosure Statement are contained in a Current Report on Form 8-K that Dana filed with the SEC on November 2, 2007.

The Plan and the Disclosure Statement describe 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, the Investment Agreement and the Backstop Commitment Letter discussed above. 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; and the manner in which distributions will be made under the Plan.

For additional information see Note 2 to our condensed consolidated financial statements in Item 1 of Part I of our third-quarter 2007 Form 10-Q as well as the Current Report on Form 8-K that Dana filed with the SEC on November 2, 2007.

## **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 tax assets 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 November 30, 2007 of \$235 after deducting the \$100 minimum availability requirement and \$219 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 November 30, 2007 was \$250 and actual EBITDAR for that period was \$424 calculated as follows:

#### EBITDAR Calculation

	<u>December 1, 2006 to</u> <u>November 30, 2007</u> <u>(in millions)</u>	<u>Year to Date</u> <u>November 30, 2007</u> <u>(in millions)</u>
<b>Net loss</b>	<b>\$ (493)</b>	<b>\$ (305)</b>
Plus -		
Interest expense	91	85
Income tax expense	15	35
Depreciation and amortization expense	278	254
Asset impairment	70	
Realignment charges	246	169
Reorganization items, net	184	188
Loss from discontinued operations	119	103
Minority interest	14	13
Less -		
Equity in earnings of affiliates	23	22
Non-recurring items	32	35
Interest income	45	41
<b>EBITDAR</b>	<b><u>424</u></b>	<b><u>444</u></b>

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 eleven 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 November 30, 2007 was \$424.

#### **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 November 30, 2007, based on Dana Canada's borrowing base collateral, it had availability of \$58 after deducting the \$20 minimum availability requirement. Dana Canada had no borrowings under this agreement at November 30, 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. At November 30, 2007, there was availability of \$24 in countries that have started securitization and there were borrowings under this facility equivalent to \$139 recorded as notes payable.

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 in connection with the Bankruptcy Cases and include the liabilities subject to compromise of discontinued operations. Such claims remain subject to future adjustments resulting primarily from negotiations with creditors.

The amount of liabilities subject to compromise reported herein was \$4,009 at November 30, 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 \$18 and \$183 for the one month and eleven months ended November 30, 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 items for the month of November 2007 consisted of professional fees and contract rejection damages, partially offset by interest income.

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.

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

**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 November 2007.

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

**In re Dana Corporation, et al.**  
**Reporting Period: November 1, 2007 — November 30, 2007**  
**Cash Disbursements by Debtors**  
**(Dollars in 000s)**

**Schedule 1**

Petitioning Entities:	Case Number:	November 2007 Disbursements
Dana Corporation	06-10354	\$ 379,943
Dakota New York Corp	06-10351	
Brake Systems, Inc.	06-10355	
BWDAC, Inc.	06-10357	
CP Products, Inc. (p/k/a 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, Inc.	06-10367	
Dana Risk Management Services, Inc.	06-10368	176
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	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	21
Torque-Traction Technologies, LLC	06-10396	
United Brake Systems, Inc.	06-10397	
<b>Total Cash Disbursements</b>		<b>\$ 380,141(a)</b>

(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.

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

(Dollars in 000s)

**FEDERAL**

<u>Liabilities incurred or withheld</u>				<u>TOTALS</u>
<u>FIT</u>	<u>FICA-ER</u>	<u>FICA-EE</u>	<u>FUTA</u>	
\$5,680	\$3,374	\$3,374	\$—	\$12,428
<u>Deposits released and pending</u>				
<u>FIT</u>	<u>FICA-ER</u>	<u>FICA-EE</u>	<u>FUTA</u>	
\$(5,680)	\$(3,374)	\$(3,374)	\$—	\$(12,428)

**STATE**

<u>Liabilities incurred or withheld</u>				<u>TOTALS</u>
<u>SIT</u>	<u>SUI-ER</u>	<u>SUI-EE</u>	<u>SDI-EE</u>	
\$1,626	\$—	\$—	\$8	\$1,634
<u>Deposits released and pending</u>				
<u>SIT</u>	<u>SUI-ER</u>	<u>SUI-EE</u>	<u>SDI-EE</u>	
\$(1,626)	\$—	\$—	\$(8)	\$(1,634)

**LOCAL**

<u>CIT</u>	<u>TOTALS</u>
\$391	\$391
<u>Deposits released and pending</u>	
<u>CIT</u>	
\$(391)	\$(391)

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

**In re Dana Corporation, et al.**  
**Reporting Period: November 1, 2007 — November 30, 2007**  
**Post-petition Sales, Use and Property Taxes Paid**

**Schedule 3**

<b>(Dollars in 000s)</b>			
<b>Tax Authority</b>	<b>State</b>	<b>Type of Tax</b>	<b>Taxes Paid</b>
Allen County Treasurer	IN	Property	\$ 332
Ann Arbor City Treasurer	MI	Property	59
Branch County Tax Collector	MI	Property	230
City of Auburn Hills	MI	Property	117
City of Buena Vista	VA	Property	(A)
City of Franklin	KY	Property	(A)
City of Owensboro	KY	Property	24
Guilford Tax Collector	CT	Property	13
Hohenwald City Recorder	TN	Property	33
Huntington County Treasurer	IN	Property	18
Illinois Dept of Revenue	IL	Sales/use	6
Indiana Dept of Revenue	IN	Sales/use	119
Kansas Dept of Revenue	KS	Miscellaneous	55
King County Treasurer	WA	Property	109
Kentucky Dept of Revenue	KY	Sales/use	37
Kentucky State Treasurer	KY	Property	17
Lewis County Trustee	TN	Property	302
Michigan Dept of Treasury	MI	Sales/use	38
Minnesota Dept of Revenue	MN	Income	4
Missouri Dept of Revenue	MO	Sales/use	16
Missouri Dept of Revenue	MO	Property	56
Muskegon County Treasurer	MI	Property	19
Muskegon Heights Treasurer	MI	Property	5
Ohio Dept of Job & Family Services	OH	Miscellaneous	12
Ohio State Treasurer	OH	Sales/use	59
Oklahoma Tax Commission	OK	Miscellaneous	40
Oregon Dept of Revenue	OR	Franchise	18
Paulding County Treasurer	OH	Property	222
Pennsylvania Dept of Revenue	PA	Sales/use	88
Pope County Tax Collector	AR	Property	1
South Carolina Dept of Revenue	SC	Sales/use	1
State of Michigan	MI	Miscellaneous	4
State of New Jersey	NJ	Income	26
Tennessee Dept of Revenue	TN	Sales/use	5
Tennessee State Treasurer	TN	Miscellaneous	10
Texas Comptroller	TX	Sales/use	(A)
United States Treasury		Miscellaneous	26
			\$ 2,121

(A) - amount less than one thousand dollars

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