

Dana rejects Appaloosa plan, amends Centerbridge accord

CHICAGO — Automotive parts maker Dana Corp. has amended the investment agreement reached in July with Centerbridge Capital Partners LP and rejected an alternative investment proposal from Appaloosa Management LP.

Executives of Toledo, Ohio-based Dana, which has been operating under bankruptcy court protection since March 2006, said New York-based Centerbridge had committed to fully underwrite the purchase of \$500 million in convertible preferred Series B shares in addition to having an affiliate buy \$250 million in convertible preferred Series A shares.

Centerbridge originally agreed to have an affiliate buy up to \$250 million of the Series B shares and find investors for the other \$250 million shares. The private equity firm also agreed to an amendment to Dana's proposed reorganization plan to provide up to \$40 million to some unsecured creditors who were not eligible to buy Series B shares.

Dana agreed that it wouldn't solicit or entertain any proposal for an investment, transaction or plan of reorganization that would be an alternative to the Centerbridge investment and elimination of the auto parts supplier's right to terminate the Centerbridge agreement. The amendments are still subject to bankruptcy court approval.

Chatham, N.J.-based Appaloosa, which holds about a 15-percent stake in Dana, last month submitted an alternative investment proposal that includes an equity investment, a credit facility and unsecured notes. Dana said its board of directors had reviewed the Appaloosa offer and rejected it after discussions with various bankruptcy constituents.

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