UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# Form 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF**

**THE SECURITIES EXCHANGE ACT OF 1934**

**For the Fiscal Year Ended December 31, 2003**

**Commission file number 1-1063**

# Dana Corporation

*(Exact name of registrant as specified in its charter)*

| **Virginia**<br>*(State or other jurisdiction of incorporation or organization)* | **34-4361040**<br>*(IRS Employer Identification No.)* |
|---|---|
| **4500 Dorr Street, Toledo, Ohio**<br>*(Address of principal executive offices)* | **43615**<br>*(Zip Code)* |

**Registrant's telephone number, including area code**

**(419) 535-4500**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|---|
| Common stock, $1 par value | New York Stock Exchange and Pacific Exchange |

**Securities registered pursuant to Section 12(g) of the Act:**

**None**
(Title of Class)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12 b-2 of the Act). Yes ☑ No o

The aggregate market value of the voting stock held by non-affiliates of the registrant at February 20, 2004, was approximately $3,173,000,000.

There were 148,773,035 shares of registrant's common stock, $1 par value, outstanding at February 20, 2004.

**DOCUMENTS INCORPORATED BY REFERENCE**

| Document | Where Incorporated |
|---|---|
| Proxy Statement for 2004 Annual Meeting of Shareholders | Part III |

**TABLE OF CONTENTS**


TABLE OF CONTENTS DANA CORPORATION -- FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003
PART I
- Item 1 -- Business
- Item 2 -- Properties
- Item 3 -- Legal Proceedings
- Item 4 -- Submission of Matters to a Vote of Security Holders

PART II
- Item 5 -- Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities
- Item 6 -- Selected Financial Data
- Item 7 -- Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources
- Item 7A -- Quantitative and Qualitative Disclosures About Market Risk
- Item 8 -- Financial Statements and Supplementary Data
- Item 9 -- Changes in and Disagreements With Accountants on Accounting and Financial Disclosure
- Item 9A -- Controls and Procedures

PART III
- Item 10 -- Directors and Executive Officers of the Registrant
- Item 11 -- Executive Compensation
- Item 12 -- Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
- Item 13 -- Certain Relationships and Related Transactions
- Item 14 -- Principal Accountant Fees and Services

PART IV
- Item 15 -- Exhibits, Financial Statement Schedules, and Reports on Form 8-K

SIGNATURES
EXHIBIT INDEX
Exhibit 3(B) By-Laws
Exhibit 10(A)3 Second Amendment to Comp Plan
Exhibit 10(B)1 First Amd to Stock Incentive Plan
Exhibit 10-C(3) Third Amd to Excess Benefits Plans
Exhibit 10-C(4) Fourth Amd to Excess Benefits Plan
Exhibit 10-E(1) Employment Agmt w/ W.J. Carroll
Exhibit 10-E(2) Employment Agmt w/ M.J. Burns
Exhibit 10-F(1) Change of Control Agmt M.J. Burns
Exhibit 10-F(2) Change of Control Agmt (12/08/03)
Exhibit 10-H(1) 1st Amd to Supp Benefits Plan
Exhibit 10-I(1) 1st Amd to 1999 Stock Plan
Exhibit 10-L Change of Control Severence Plan
Exhibit 21 Consolidated Subsidiaries
Exhibit 23 Consent of Auditors
Exhibit 24 Power of Attorney
Exhibit 31-A CEO Certification
Exhibit 31-B CFO Certification
Exhibit 32 Section 1350 Certifications

# TABLE OF CONTENTS

## DANA CORPORATION — FORM 10-K

## FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003


| | | | 10-K Pages |
|---|---|---|---|
| Cover | | | |
| Table of Contents | | | 1 |
| | | **PART I** | |
| Item 1 | — | Business | 2-8 |
| Item 2 | — | Properties | 9 |
| Item 3 | — | Legal Proceedings | 9-10 |
| Item 4 | — | Submission of Matters to a Vote of Security Holders | 10 |
| | | **PART II** | |
| Item 5 | — | Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 11 |
| Item 6 | — | Selected Financial Data | 11-12 |
| Item 7 | — | Management's Discussion and Analysis of Financial Condition and Results of Operations | 13-35 |
| Item 7A | — | Quantitative and Qualitative Disclosures About Market Risk | 35 |
| Item 8 | — | Financial Statements and Supplementary Data | 36-88 |
| Item 9 | — | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure | 88 |
| Item 9A | — | Controls and Procedures | 88-89 |
| | | **PART III** | |
| Item 10 | — | Directors and Executive Officers of the Registrant | 90 |
| Item 11 | — | Executive Compensation | 90 |
| Item 12 | — | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters | 90 |
| Item 13 | — | Certain Relationships and Related Transactions | 90 |
| Item 14 | — | Principal Accountant Fees and Services | 90 |
| | | **PART IV** | |
| Item 15 | — | Exhibits, Financial Statement Schedules and Reports on Form 8-K | 91 |
| Signatures | | | 92-93 |
| Exhibit Index | | | 94-99 |
| Exhibits | | | |

# PART I

**(Dollars in millions, except per share amounts)**

## Item 1 — *Business*

Dana Corporation is one of the world's largest independent suppliers of modules, systems and components for light, commercial and off-highway vehicle original equipment (OE) manufacturers globally and for related OE service customers. Our products are used in passenger cars and vans, sport-utility vehicles (SUVs), light, medium and heavy trucks and a wide range of off-highway vehicles. From our introduction of the automotive universal joint in 1904 to the development of high-performance products for the 21st century, we have been a leader in technological innovation. Many of our products have unique and patented features that provide added value to our customers. We are also highly focused on product quality, delivery and service, as evidenced by our numerous supplier quality awards. As a result, we have developed successful long-standing business relationships with thousands of customers worldwide.

In addition, Dana has been the third largest North American aftermarket supplier. Nearly all of our aftermarket operations have been conducted through our Automotive Aftermarket Group (AAG). In December 2003, we announced our intention to sell substantially all of the AAG. That portion of the AAG intended for sale has been presented in our financial statements as a discontinued operation. The remaining portion of the AAG, which distributes engine hard parts, has become a part of our engine and fluid management operations. Our commercial vehicle and off-highway aftermarket activities are unaffected by the December announcement.

Our continuing operations are organized into the following market-focused strategic business units (SBUs):

- Automotive Systems Group (ASG) manufactures and sells drivetrain modules, systems and components, consisting of axles, driveshafts, structures and chassis products, for the automotive and light vehicle markets, as well as driveshafts for the commercial vehicle market. In 2003, ASG generated sales (including inter-segment sales) of $3,900 and its largest customers were Ford Motor Company (Ford), DaimlerChrysler AG (DaimlerChrysler) and General Motors Corporation (General Motors). At December 31, 2003, ASG had 73 major facilities, operated in 23 countries and employed 19,300 people.

- Engine and Fluid Management Group (EFMG) manufactures and sells sealing, thermal management, fluid transfer, and engine power products for the automotive, light and commercial vehicle and leisure and outdoor power equipment markets. In 2003, EFMG generated sales of $2,000 and its largest customers were Ford, DaimlerChrysler and General Motors. At December 31, 2003, EFMG had 78 major facilities, operated in 16 countries and employed 17,100 people.

- Heavy Vehicle Technologies and Systems Group (HVTSG) manufactures and sells axles, brakes, driveshafts, chassis and suspension modules, ride controls and related modules and systems for the commercial and off-highway vehicle markets and transaxles, transmissions and electronic controls for the off-highway market. In 2003, HVTSG generated sales of $2,000 and its largest customers were PACCAR Inc., Volvo Group, and International Truck & Engine Corp. At December 31, 2003, HVTSG had 20 major facilities, operated in 12 countries and employed 7,000 people.

For nearly two decades, we were a leading provider of lease financing services in selected markets through our wholly owned subsidiary, Dana Credit Corporation (DCC). However, in October 2001, we determined that the sale of DCC's businesses would enable us to more sharply focus on our core businesses. During 2002 and 2003, we sold portions of DCC, bringing the total reduction in portfolio assets since we made the decision to exit this business to $850. This has reduced total portfolio assets to approximately $1,350 from $2,200 at the end of 2001. While some key pieces of DCC will be retained within Dana, significant assets remain for sale. During 2004, we will continue our effort to maximize the value of these assets to Dana and its shareholders.

The above description reflects our SBU structure at the end of 2003. Several changes were made to the SBUs during 2003, the most significant of which relate to the planned divestiture of substantially all of the AAG. Due to this announcement, the AAG is no longer reported as a business segment in our Business Segment footnote table.

**Strategy**

Our overall strategic direction is set out in our *Transformation 2005* business plan. Our goals under this plan represent an increased emphasis on anticipating the needs of our markets and serving our customers. The following are key elements of our plan:

*Focus and Expand Core Businesses.* We believe that our core businesses are the key to the long-term profitable growth of our company. These core businesses focus on the development, design and manufacture of our core products: axles, driveshafts, structures, fluid systems and bearing and sealing products. These businesses have leading market positions and brand equity and provide our customers with value-added solutions and products.

Our OE customers continue to target improved asset utilization, speed to market, lower cost, lower investment risk, and greater flexibility and to look for outsourcing alternatives. We expect that our global presence and technological and engineering capabilities, as well as our experience, scale of operations and long-standing relationships with major OE customers, will enable us to continue to take advantage of this opportunity. We project net new business, based on our review of our customers' production estimates, will add more than $400 to our sales revenue in 2004. The new business is not only with our traditional U.S.-based OE customers, but also with OEs such as BMW, Isuzu, Nissan and Toyota.

*Focus on Capital and Operating Efficiency.* In 2003, we continued to focus on opportunities to optimize our resources and reduce manufacturing costs and undertook initiatives to maximize our return on invested capital and to improve cash flow. One example of this improved efficiency is the integration of our formerly separate global light axle and driveshaft divisional headquarters and engineering operations into the new Automotive Systems Group Technology Center, located in Maumee, Ohio. This center has enabled us to better leverage the combined manufacturing, engineering and support capabilities of these units, fostering technology sharing, accelerating the development of world-class driveline systems and modules, and helping Dana respond more quickly and effectively to marketplace demands. On the operational side, we continued our efforts to outsource non-core manufacturing activity, as evidenced by the transfer of more than $140 annually in non-strategic axle component manufacturing to our Mexican partner, Spicer S.A. Additionally, we continued our efforts to reduce working capital and manage for cash.

*Evaluate Strategic Alliances, Joint Ventures and Selected Divestiture and Acquisition Opportunities.* Among the keys to our business plan is the concept of capitalizing on strategic alliances and joint ventures. Such relationships offer opportunities to expand our capabilities with a reduced level of investment and enhance our ability to provide the full scope of services required by our customers. We have a number of strategic alliances and joint ventures, including our Roadranger™ marketing program with Eaton Corporation and programs with GETRAG Cie, to strengthen our portfolio of advanced axle technologies; Chassis Systems Limited, a joint venture with GKN to supply vehicular frames to Land Rover and a joint venture with Emerson Electric Co. to develop and produce a series of actuator products and related components for the global electric steering market.

In 2003, we expanded our existing partnership with GETRAG to encompass a joint venture with Volvo Car Corporation to produce all-wheel-drive and chassis systems and components for passenger cars and sport utility vehicles.

Our divestiture activities in 2003 are described elsewhere in this report. In 2004, we will continue to evaluate remaining non-core operations for divestiture. We will also evaluate potential acquisition candidates that have product platforms complementary to our core OE businesses, strong operating potential

and strong existing management teams. We believe that targeted acquisitions will help us achieve our long-term objectives.

**2003 Overview**

Improved performance best characterizes 2003 compared to 2002. Net income for the year ended December 31, 2003 increased by over $400 to $222 from a year earlier loss of $182. Net income in 2002 was adversely impacted by a $220 effect of a change in accounting for goodwill. Income from continuing operations increased by nearly $170 in 2003.

These performance improvements were linked in large part to the restructuring actions taken subsequent to the announcement of our restructuring program in December 2001. By the end of 2002 we had incurred nearly all of the charges associated with this program and many of the actions related to the announcements have been completed. The completion of such actions has enabled us to reduce costs.

Closely related to our restructuring actions has been the focus given to business components considered core to our strategy. Significant progress in divesting non-core business components has been made in 2003 and 2002. The sale of the engine management business highlighted our 2003 divestiture activity. In December 2003, we announced our intention to sell substantially all of the AAG. When completed, this transaction will represent the largest divestiture in our history.

**Restructuring**

In October 2001, we announced plans to accelerate the restructuring of our operations, to evaluate at least 30 facilities for closure and to reduce our workforce globally by more than 15%. As of December 31, 2003, we had closed or consolidated 35 of the 39 facilities selected for closure. When completed, these actions will have reduced our workforce — at all levels of the organization — by approximately 17% since October of 2001. The after-tax charges recorded in connection with this restructuring totaled approximately $442. We also sold portions of our Dana Credit Corporation (DCC) leasing operation, as described above.

**Geographic Areas**

We maintain administrative organizations in four regions — North America, Europe, South America and Asia Pacific — to facilitate financial and statutory reporting and tax compliance on a worldwide basis and to support our SBUs. Our operations are located in the following countries (shown by the regions in which we administer them):

| North America | Europe | | South America | Asia Pacific |
|---|---|---|---|---|
| Canada | Austria | Luxembourg | Argentina | Australia |
| Mexico | Belgium | Netherlands | Brazil | China |
| United States | France | Poland | Colombia | Indonesia |
| | Germany | Slovakia | South Africa | Japan |
| | India | Spain | Uruguay | Taiwan |
| | Ireland | Sweden | Venezuela | Thailand |
| | Italy | Turkey | | |
| | | United Kingdom | | |

Our non-U.S. subsidiaries and affiliates manufacture and sell a number of products similar to those we produce in the U.S. In addition to normal business risks, operations outside the U.S. may be subject to a greater risk of changing political, economic and social environments, changing governmental laws and regulations, currency revaluations and market fluctuations.

Consolidated non-U.S. sales were $3,176, or 40% of our 2003 consolidated sales. Including U.S. exports of $397, non-U.S. sales accounted for 45% of 2003 consolidated sales. Our non-U.S. net

income was $221, as compared to consolidated net income of $222 in 2003. These amounts include $37 of equity in earnings of non-U.S. affiliates.

You can find more information about our regional operating results in “Note 22. Business Segments” on pages 74 — 80 of this annual report on Form 10-K.

## Customer Dependence

We have thousands of customers around the world and have developed long-standing business relationships with many of them. Ford and DaimlerChrysler were the only individual customers accounting for 10% or more of our consolidated sales in 2003. We have been supplying products to these companies and their subsidiaries for many years. As a percentage of total sales, sales to Ford were 27%, 26% and 26% in 2003, 2002 and 2001, and sales to DaimlerChrysler were 10%, 14% and 14%. Loss of all or a substantial portion of our sales to Ford, DaimlerChrysler or other large volume customers would have a significant adverse effect on our financial results until such lost sales volume could be replaced. There would be no assurance, in such event, that the lost volume would be replaced.

Ford, DaimlerChrysler and some of our other customers periodically ask us to reduce the prices of our products. We discuss cost saving measures with these customers on an ongoing basis. In light of these requests, we cannot assure that we will be able to maintain or improve our historical levels of profitability.

## Products

The following table presents the relative sales of our continuing operations by core product for the last three years:

| | Percentage of Consolidated Sales | | |
|---|---|---|---|
| | **2003** | **2002** | **2001** |
| **Types of Products** | | | |
| Axle | 43% | 44% | 43% |
| Driveshaft | 13 | 13 | 13 |
| Fluid systems | 11 | 11 | 11 |
| Structural | 11 | 10 | 9 |
| Bearings and sealing | 10 | 9 | 10 |
| Other Engine | 7 | 8 | 7 |
| | 95 | 95 | 93 |
| Other | 5 | 5 | 7 |
| | 100% | 100% | 100% |

We do not consider our leasing service revenue to be sales and none of our other products individually accounted for 10% of sales in these periods.

## Material Source and Supply

Our operating units purchase most of the raw materials (such as steel) and semi-processed or finished items (such as forgings and castings) used in our products from suppliers located within the same geographic regions. Generally, these materials are available from numerous qualified sources in quantities sufficient for our needs. Temporary shortages of a particular material or part occasionally occur, but we do not consider the overall availability of materials to be a significant risk factor for our operations.

A number of our steel suppliers implemented a price surcharge during the fourth quarter of 2003. Because this is a recent development, we have been unable to project the duration of these price surcharges or estimate the impact on our future results of operations.

**Seasonality**

Our businesses are not seasonal. However, sales to our OE manufacturing (OEMs) customers are closely related to their production schedules and historically those schedules have been strongest in the first two quarters of the year.

**Backlog**

Generally, our products are not on a backlog status. They are produced from readily available materials and have a relatively short manufacturing cycle. Each operating unit maintains its own inventories and production schedules and some of our products are available from more than one facility.

**Competition**

Within each of our continuing operating segments, we compete with a variety of independent suppliers and distributors, as well as the in-house operations of certain OEMs. We compete primarily on the basis of product quality, technology, cost, delivery and service.

A summary by operating segment is set forth below:

Automotive Systems Group — We are one of the primary independent suppliers in torque and traction technologies (axles, driveshafts, and drivelines), structural solutions (frames) and system integration technologies (including advanced modularity concepts and systems). Our primary competitors include American Axle, in-house operations of DaimlerChrysler, GKN, Magna, Tower Automotive, ThyssenKrupp, Visteon and ZF Group.

Engine and Fluid Management Group — We are one of the leading independent suppliers of sealing systems (gaskets and cam covers), thermal management (thermal acoustical shields, heat exchangers, and small radiators), fluid transfer (fuel rails, brake lines and HVAC routing) and power products (piston rings and engine bearings). On a global basis, our primary competitors in sealing systems are ElringKlinger, Federal Mogul and Freudenberg NOK. Competitors in thermal management include Behr, Delphi, Modine and Valeo. On the fluid transfer side of the business, we compete against companies such as Delphi, Eaton, Valeo and Visteon. Primary competitors on the power products side of the business include Federal Mogul and Mahle.

Heavy Vehicle Technologies and Systems Group — We are one of the primary independent suppliers of axles, driveshafts and brakes for both the medium and heavy truck markets, as well as various off-highway segments. With regard to the off-highway markets specifically, we also specialize in the manufacturing of transmissions. Our primary competition in North America includes ArvinMeritor in the heavy and medium markets and Hendrickson in the trailer market. Other major competitors in Europe include OEM vertically integrated operations in the heavy truck markets, as well as Carraro, ZF Group and OEM vertically integrated operations in the off-highway markets.

**Patents and Trademarks**

Our proprietary drivetrain, engine parts, chassis, structural components, fluid power systems and industrial power transmission product lines have strong identities in the markets we serve. Throughout these product lines, we manufacture and sell our products under a number of patents which have been obtained over a period of years and expire at various times. We consider each of these patents to be of value and aggressively protect our rights throughout the world against infringement. Because we are involved with many product lines, the loss or expiration of any particular patent would not materially affect our sales and profits.

We own or have licensed numerous trademarks which are registered in many countries, enabling us to market our products worldwide. Our Spicer®, Victor Reinz®, Wix®, Clevite®, Glacier® and Vandervell® trademarks, among others, are widely recognized in their respective industries.

**Research and Development**

Our objective is to be a leader in offering superior quality, technologically advanced products to our customers at competitive prices. To enhance quality and reduce costs, we use statistical process control, cellular manufacturing, flexible regional production and assembly, global sourcing and extensive employee training.

In addition, we engage in ongoing engineering, research and development activities to improve the reliability, performance and cost-effectiveness of our existing products and to design and develop disruptive products for existing and new applications. We are integrating related operations to create a more innovative environment, speed product development, maximize efficiency and improve communication and information sharing among our research and development operations. One example of locations where these efforts are being integrated is our new ASG Technology Center that opened in late 2003. At December 31, 2003, our SBUs had the following number of technical centers: ASG, 20; EFMG, 17 and HVTSG, 4. Our spending on engineering, research and development and quality control programs was $252 in 2003, $248 in 2002 and $260 in 2001.

**Employment**

Our worldwide employment (including consolidated subsidiaries) was approximately 59,000 at December 31, 2003, including approximately 14,000 associated with our discontinuing operations. This represents a 16% reduction from the number of people reported at the end of 2001, which is attributable to our restructuring activities and divestitures. We expect further reductions in 2004 as we complete the four final facility closures and the planned divestiture of substantially all of our Automotive Aftermarket businesses.

**Environmental Compliance**

We make capital expenditures in the normal course of business as necessary to ensure that our facilities are in compliance with applicable environmental laws and regulations. The cost of environmental compliance was not a material part of our capital expenditures and did not have a material adverse effect on our earnings or competitive position in 2003. We do not anticipate that future environmental compliance costs will be material. You can find more information in “Environmental Compliance and Remediation” under “Note 1. Summary of Significant Accounting Policies” on page 45 and under “Note 18. Commitments and Contingencies” on pages 68 through 71 of this annual report on Form 10-K.

**Available Information**

We make available free of charge on or through our Internet website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (Exchange Act) as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our Internet address is http://www.dana.com.

**Executive Officers**

The following table contains information about our current executive officers and their positions. All positions are with Dana unless otherwise indicated. Messrs. Carroll, Cole, Franklin and Richter are mem-

bers of Dana's Policy Committee, which is responsible for our corporate strategies and partnership relations, as well as the development of our people, policies and philosophies.

In addition, Michael J. Burns has been named as Dana's Chief Executive Officer and President and as a director effective March 1, 2004. Mr. Burns, age 51, has been President of General Motors Europe since 1998.

| Name | Age | Title |
|---|---|---|
| William J. Carroll | 59 | Acting President and Chief Operating Officer, President — Automotive Systems Group |
| Bernard N. Cole | 61 | President — Heavy Vehicle Technologies and Systems Group |
| Marvin A. Franklin, III | 56 | President — Dana International and Global Initiatives |
| Charles F. Heine | 51 | President — Technology Development and Diversified Products |
| James M. Laisure | 52 | President — Engine and Fluid Management Group |
| Terry R. McCormack | 53 | President — Automotive Aftermarket Group |
| Robert C. Richter | 52 | Vice President and Chief Financial Officer, Chairman — Dana Credit Corporation |
| Richard J. Westerheide | 52 | Chief Accounting Officer and Assistant Treasurer |

William J. Carroll has been Acting President and Chief Operating Officer since September 23, 2003, and President — Automotive Systems Group and Chairman of DTF Trucking, Inc. since 1997. He will retire from Dana effective March 1, 2004.

Bernard N. Cole has been President — Heavy Vehicle Technologies and Systems Group since 2002. He was previously President — Off-Highway Systems Group (1997-2002) and President — Commercial Vehicle Systems (2002). He has been Chairman of Dana India Pvt. Ltd. since 2001.

Marvin A. Franklin, III has been President — Dana International & Global Initiatives since 2000. He was previously President — Dana International (1997-2000).

Charles F. Heine has been President — Technology Development and Diversified Products since 2001. He was previously President — Engine Systems Group (1998-2001).

James M. Laisure has been President — Engine and Fluid Management Group since 2001. He was previously President — Fluid Systems Group (2000-2001), Group Vice President — Fluid Systems Group (1999-2000) and Vice President — Modules and Systems Group (1996-1999).

Terry R. McCormack has been President — Automotive Aftermarket Group since 2000. He was previously President — Wix Worldwide Filtration (2000) and Vice President and General Manager for Wix Division, North America (1998-2000).

Robert C. Richter has been Vice President and Chief Financial Officer of Dana since 1999 and Chairman of Dana Credit Corporation since 2002.

Richard J. Westerheide has been Chief Accounting Officer and Assistant Treasurer since 2002. He was previously Group Controller — Engine Management Group (2000-2002) and, for Dana Credit Corporation, Vice President — Finance (2000) and Director of Accounting Policy and Financial Reporting (1998-2000).

Some of the above officers are appointed by the Board annually at its organizational meeting, as provided in our By-Laws, and hold office until their successors are appointed or their earlier death, retirement, resignation or removal. Others are appointed by the Board or designated by the Chief Executive Officer from time to time and serve, as applicable, at the pleasure of the Board or the CEO.

## Item 2 — *Properties*

As shown in the following table, at December 31, 2003, our continuing operations had 251 manufacturing, distribution and service branch or office facilities worldwide. We own the majority of our manufacturing and larger distribution facilities. We lease certain manufacturing facilities and most of our smaller distribution outlets and financial service branches and offices.

**Dana Facilities by Geographic Region**

| Type of Facility | North America | Europe | South America | Asia/ Pacific | Total |
|---|---|---|---|---|---|
| Manufacturing | 95 | 33 | 29 | 11 | 168 |
| Distribution | 16 | 6 | 9 | 1 | 32 |
| Service branches, offices | 31 | 10 | 5 | 5 | 51 |
| Total Continuing Operations | 142 | 49 | 43 | 17 | 251 |
| Discontinued Operations | 56 | 31 | 25 | 2 | 114 |
| Total | 198 | 80 | 68 | 19 | 365 |

## Item 3 — *Legal Proceedings*

We are a party to various pending judicial and administrative proceedings arising in the ordinary course of business. After reviewing the proceedings that are currently pending (including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage, 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.

*Environmental Proceedings.* In our reports for the quarterly periods ended June 30, 2003, and September 30, 2003, we discussed an environmental matter in which the U.S. Department of Justice (DOJ) had proposed a consent decree and a $0.7 fine in connection with alleged violations of the U.S. Clean Water Act at our facility at Harvey Street, Muskegon, Michigan. We have submitted a proposal to the DOJ to undertake certain supplemental environmental projects to reduce or offset the amount of the proposed fine. The DOJ is reviewing our proposal and the matter is pending.

In addition, we reported in our annual report for the year ended December 31, 2002, an environmental proceeding involving our plant at Sanford Street in Muskegon, Michigan. That facility had received a notice of an enforcement action and a proposed consent order from the Michigan Department of Environmental Quality (MDEQ) alleging various air permit and rule violations. The alleged violations related to smoke and odor complaints from neighbors, failure to have permits for the installation of certain engine test cells and noncompliance with certain record keeping requirements. Negotiations with the MDEQ resulted in a final consent order with a fine of $0.1. The MDEQ released this order for public comment in December 2002, and the matter is pending.

*Litigation.* In our reports for the quarterly periods ended June 30, 2003, and September 30, 2003, we also discussed a number of lawsuits that had been filed in various courts in connection with the $15.00 per share cash tender offer for all of the outstanding shares of our common stock that was commenced by Delta Acquisition Corp. (the Offeror), a subsidiary of ArvinMeritor, Inc. (ArvinMeritor), on July 9, 2003, and raised to $18.00 per share on November 17, 2003 (the Offer). The Offer was withdrawn on November 23, 2003, and we are updating the information in those reports as follows.

Following the withdrawal of the Offer, the parties reached an agreement to dismiss the two actions brought by ArvinMeritor and the Offeror against Dana and its directors in Virginia and the action brought by Dana against ArvinMeritor in Ohio. These three lawsuits remain pending, awaiting the execution and filing of stipulated dismissals.

The two purported shareholder actions brought in Virginia against Dana and its directors (*In re Dana Corporation Shareholder Litigation* and *Kincheloe v. Dana Corp., et al.*) remain pending. We do not expect any material developments in these lawsuits in the future.

Dana's action against UBS Securities LLC and UBS A.G. in New York was settled in the fourth quarter of 2003.

You can find more information about our legal proceedings under "Note 18. Commitments and Contingencies" on pages 68 — 71 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 13 — 35 of this annual report on Form 10-K.

**Item 4 — *Submission of Matters to a Vote of Security Holders***

- -None-

## PART II

### Item 5 — *Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our common stock is listed on the New York Stock Exchange and the Pacific Exchange. On February 20, 2004, there were approximately 37,000 shareholders of record.

We have paid quarterly cash dividends on our common stock since 1942. Information regarding the quarterly ranges of our stock price and dividends declared and paid during 2003 and 2002 is presented in the following table.

| | Stock Price | | | | | | Cash Dividends Declared and Paid | |
|---|---|---|---|---|---|---|---|---|
| | **2003** | | | 2002 | | | | |
| Quarter Ended | **High** | **Low** | **Close** | High | **Low** | **Close** | **2003** | 2002 |
| March 31 | **$12.58** | **$ 6.15** | **$ 7.06** | $22.29 | $13.05 | $21.47 | **$0.01** | $0.01 |
| June 30 | **11.94** | **6.99** | **11.56** | 23.22 | 16.90 | 18.53 | **0.01** | 0.01 |
| September 30 | **17.19** | **11.14** | **15.43** | 18.76 | 12.38 | 13.08 | **0.01** | 0.01 |
| December 31 | **18.40** | **14.60** | **18.35** | 13.96 | 9.28 | 11.76 | **0.06** | 0.01 |

### Item 6 — *Selected Financial Data*

The following table sets forth selected financial information for our company. The financial information for the years ended December 31, 2003, 2002 and 2001 and as of December 31, 2003 and 2002 has been derived from our audited consolidated financial statements included elsewhere in this report. The financial information for the years ended 2000, 1999, 1998 and 1997, and as of December 31, 2001, 2000, 1999, 1998 and 1997 has been derived from our audited consolidated financial statements not included in this report. The financial information for the years ended December 31, 1997 through 2002 has been reclassified to reflect substantially all of our Automotive Aftermarket Group as a discontinued operation based on our decision in the fourth quarter of 2003 to sell those operations. We adopted Statement of Financial Accounting Standards (SFAS) No. 142, “Goodwill and Other Intangible Assets,” effective January 1, 2002. SFAS No. 142 does not provide for restatement of prior periods; however, we have provided the after-tax amount of goodwill amortization and adjusted net income (loss) for the years 1997 through 2001 in the table.

The historical selected financial information may not be representative of our future performance and should be read in conjunction with the information contained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes included in Items 7 and 8, respectively.

| (Dollars in millions, except per share amounts) | Year Ended December 31, 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|---|
| **Summary of Operations:** | | | | | | | |
| Net Sales | **$7,918** | $7,501 | $7,480 | $9,282 | $9,859 | $9,295 | $9,421 |
| Cost of Sales | **7,245** | 6,804 | 6,844 | 8,121 | 8,463 | 8,010 | 8,227 |
| Pre-Tax Income (Loss) of Continuing Operations | **81** | (114) | (348) | 385 | 450 | 465 | 492 |
| Income (Loss) from Continuing Operations | **175** | 6 | (205) | 280 | 337 | 376 | 299 |
| Income (Loss) from Discontinued Operations | **47** | 32 | (93) | 54 | 176 | 158 | 21 |
| Effect of Change of Accounting | | (220) | | | | | |
| Net Income (Loss) | **222** | (182) | (298) | 334 | 513 | 534 | 320 |
| Income (Loss) per Common Share — Basic | | | | | | | |
| Continuing Operations | **1.17** | 0.04 | (1.38) | 1.84 | 2.04 | 2.28 | 1.84 |
| Discontinued Operations | **0.32** | 0.22 | (0.63) | 0.36 | 1.06 | 0.96 | 0.13 |
| Effect of Change in Accounting | | (1.49) | | | | | |
| Net Income (Loss) | **1.49** | (1.23) | (2.01) | 2.20 | 3.10 | 3.24 | 1.97 |
| Income (Loss) per Common Share — Diluted | | | | | | | |
| Continuing Operations | **1.17** | 0.04 | (1.38) | 1.83 | 2.02 | 2.25 | 1.81 |
| Discontinued Operations | **0.32** | 0.22 | (0.63) | 0.35 | 1.06 | 0.95 | 0.13 |
| Effect of Change in Accounting | | (1.48) | | | | | |
| Net Income (Loss) | **1.49** | (1.22) | (2.01) | 2.18 | 3.08 | 3.20 | 1.94 |
| Cash Dividends per Common Share | **0.09** | 0.04 | 0.94 | 1.24 | 1.24 | 1.14 | 1.04 |
| **Common Stock Data:** | | | | | | | |
| Average Number of Shares Outstanding | | | | | | | |
| Basic | **148** | 148 | 148 | 152 | 165 | 165 | 163 |
| Diluted | **149** | 149 | 148 | 153 | 166 | 167 | 165 |
| Stock Price | | | | | | | |
| High | **$18.40** | $23.22 | $26.90 | $33.25 | $54.06 | $61.50 | $54.38 |
| Low | **6.15** | 9.28 | 10.25 | 12.81 | 26.00 | 31.31 | 30.63 |
| Close | **18.35** | 11.76 | 13.88 | 15.31 | 29.94 | 40.88 | 47.50 |

| | As of December 31, 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|---|
| **Summary of Financial Condition:** | | | | | | | |
| Total Assets | **$9,617** | $9,553 | $10,207 | $11,236 | $11,123 | $10,138 | $9,511 |
| Short-Term Debt | **493** | 287 | 1,120 | 1,945 | 1,418 | 1,698 | 1,693 |
| Long-Term Debt | **2,605** | 3,215 | 3,008 | 2,649 | 2,732 | 1,718 | 1,790 |
| Total Shareholders' Equity | **2,050** | 1,482 | 1,958 | 2,628 | 2,957 | 2,940 | 2,602 |
| Book Value per Common Share | **13.83** | 10.00 | 13.18 | 17.77 | 18.12 | 17.74 | 15.89 |

SFAS No. 142, "Goodwill and Other Intangible Assets," which we adopted effective January 1, 2002, does not provide for restatement of prior periods. The amounts below present the amount of goodwill amortization, net of the related income benefits, included in reported net income (loss) and pro forma net income (loss) as if SFAS No. 142 had been adopted prior to the earliest year presented.

| | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|
| Net Income (Loss) | $(298) | $334 | $513 | $534 | $320 |
| Effect of Goodwill Amortization | 32 | 33 | 35 | 32 | 32 |
| Adjusted Net Income (Loss) | $(266) | $367 | $548 | $566 | $352 |

## Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations*

***Dollars in millions***

### Overview

**Strategic Actions**

During the past year, we made significant moves to sharpen the strategic focus of our business on the light vehicle, commercial vehicle and off-highway original equipment marketplace.

**Divestitures**

A number of businesses that we deemed non-strategic were divested in 2002 and 2003. In June 2003, we completed the sale of our Engine Management aftermarket business with annual sales of approximately $300. More recently, in December 2003, we announced plans to divest substantially all of our Automotive Aftermarket Group, which had sales of more than $2,000 in 2003 and employed approximately 14,000 people. These businesses are now classified as discontinued operations in our financial statements. Upon completion of the divestiture of the Automotive Aftermarket business, when combined with the other divestitures closed during the last three years, we will have divested businesses that previously reported annual sales of more than $3,000.

Additionally, in 2001 we commenced the divestiture of a major portion of our leasing operation, Dana Credit Corporation (DCC). To date, divestitures and normal run-off have reduced DCC's portfolio assets by approximately $850; we expect continued asset dispositions over the next few years.

**Outsourcing Non-Core Manufacturing**

Within our core businesses, we have looked closely at the manufacturing processes that are key to the product technology and service value package we supply our customers. In this regard, we have divested non-core product manufacturing to third parties or, in some cases, transferred such manufacturing to our international affiliates who consider it core to their business.

**Strategic Partnerships**

Strategic alliances continue to be an important component of our strategy, either in supporting our global expansion, enhancing our technology or improving our cost competitiveness. During 2003, we signed a new joint venture agreement with GETRAG (one of our European partners) and Volvo Car Corporation to produce all-wheel-drive systems in Europe, and we announced plans to form a joint venture with Dongfeng to develop and produce commercial vehicle axles in China.

Another important strategic partnership entered this past year was our agreement with the United Auto Workers. This agreement established collective bargaining and representation principles governing our automotive assembly and manufacturing facilities in the United States that serve DaimlerChrysler AG, Ford Motor Company and General Motors Corporation. The cooperative approach embodied in this agreement is expected to contribute to our business growth, improve our productivity and enhance our operational cost efficiency.

## Market Outlook

Our industry is prone to fluctuations in demand over the business cycle. Production levels in our key markets for the past three years, along with Dana's outlook for 2004, are shown below.

| | Production in Units | | | |
|---|---|---|---|---|
| | 2001 | 2002 | 2003 | Dana's Outlook 2004 |
| Light vehicle (in millions): | | | | |
| North America | 15.5 | 16.4 | 15.9 | 16.2 |
| Europe | 20.5 | 20.8 | 21.0 | 21.5 |
| Asia Pacific | 16.0 | 18.1 | 18.5 | 19.6 |
| South America | 2.4 | 1.9 | 1.9 | 2.3 |
| Commercial Vehicle (in thousands): | | | | |
| North America Class 5-7 | 176 | 189 | 195 | 211 |
| Class 8 | 146 | 181 | 176 | 245 |

North American light duty production levels have been relatively stable the past few years. A significant development in this market since 2001 has been the increased use of incentives by our customers to stimulate and maintain demand levels. Reasonable levels of vehicle inventories at the end of 2003 and generally positive trends in key macroeconomic indicators suggest stronger overall production in 2004.

A challenge that we and others in the light vehicle market face is the continued price reduction pressure from our customers. Our largest customers in this market — the U.S.-based original equipment manufacturers — have experienced market share erosion to other international light vehicle manufacturers over the past few years, thereby putting additional pressure on their profitability. To the extent this trend continues, we expect the price reduction demands to continue. Our restructuring, divestitures and outsourcing initiatives have helped position us for this increasingly competitive landscape. Ongoing cost reduction programs, like our lean manufacturing and six sigma blackbelt programs, will continue to be important to sustaining and improving our margins.

The commercial vehicle market has been at the bottom of its business cycle during the past two years. Orders in both the medium and heavy-duty North American markets have been strengthening in recent months with inventories remaining stable. Consequently, the recovery in these markets appears to be underway, supporting our improved production outlook for 2004.

In our other markets — off highway, European commercial vehicles and light vehicles in the Asia Pacific and South American regions — we expect either stable or improving production demand in 2004.

## Other Key Factors

In our markets, concentration of business with certain customers is common, so our efforts to achieve additional diversification are important. In the light vehicle market, we have been successful in gaining new business with several international manufacturers over the past few years. We expect greater customer diversity as more of this business comes on stream and we gain additional business with these customers.

Broadening our global presence will also be increasingly important in the months ahead. Global sourcing presents opportunities to improve our competitive cost position, as well as take advantage of higher expected growth in emerging markets such as China and India. A number of our steel suppliers implemented a price surcharge during the fourth quarter of 2003. Because this is a recent development, we have been unable to project the duration of these price surcharges or estimate the impact on our future results of operations.

Another key factor in our future success is technology. We are continuing to invest in advanced product and process technologies as we believe that they, as much as any factor, are critical to improving our competitive position and profitability. In keeping with these efforts, our recent moves to focus even

more on our core original equipment markets will enable us to capitalize on the continuing trends toward modularity and systems integration in these markets.

**New Business**

In the OE vehicular business, new programs are generally awarded to suppliers well in advance of the expected start of production. The amount of lead time varies based on the nature of the product, size of the program and required start-up investment. The awarding of new business often coincides with model changes on the part of vehicle manufacturers. Given the cost and service concerns associated with changing suppliers, we expect to retain any awarded business over the vehicle life, which is typically several years.

During 2003, more than $400 of our sales increase resulted from the addition of net new business — new business in excess of lost business. As of December 31, 2003, we expected net new business to contribute a minimum of $400 to our 2004 sales. Beyond 2004, based on business already awarded or lost, we expect net new business contributions through 2009.

**Summary**

Over the last three years, we have repositioned the organization — through divestitures, restructuring, outsourcing and strategic partnerships — to be more strategically focused and more competitive. In the process, we have downsized from a company with sales in excess of $13,000 (before adjustments to reflect discontinued businesses) to a company with 2003 sales of just under $8,000 reported by our continuing operations. At the same time, we have improved our overall profitability and financial position. With a more focused strategy and improved financial situation, we are better positioned to grow the business in our core markets.

## Liquidity and Capital Resources

**Cash Flows (2003 versus 2002)**

| | 2003 | 2002 | Dollar Change |
|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | |
| Net income (loss) | **$ 222** | $(182) | $ 404 |
| Effect of change in accounting | | 220 | (220) |
| Depreciation and amortization | **394** | 478 | (84) |
| Deferred income taxes | **(35)** | (135) | 100 |
| Unremitted earnings of affiliates | **(49)** | (43) | (6) |
| Gains on divestitures and asset sales | **(47)** | (53) | 6 |
| Asset impairment charges | **21** | 114 | (93) |
| Decrease (increase) in operating working capital | **(212)** | 50 | (262) |
| Other | **41** | 72 | (31) |
| Cash flows from operating activities | **$ 335** | $ 521 | $(186) |

For a number of reasons, the substantial increase in net income did not translate into stronger operating cash flow in 2003 when compared to 2002. After considering the non-cash nature of the effect of changing our method of accounting for goodwill in 2002, our earnings improvement was limited to $184. Depreciation and amortization declined in 2003, the result of tightened capital spend and significant divestitures during the last three years. Deferred tax benefits negatively impacted cash from operations again in 2003, but the $35 adjustment compares favorably with the amount added back in 2002. The amount by which equity earnings exceeded dividends received from our equity affiliates increased slightly in

2003. The amount of impairment charges added back as a non-cash item was lower in 2003 as our restructuring program neared its conclusion. Our recent success in reducing working capital did not continue in 2003 as working capital increased by more than $200. Amounts invested in tooling and not yet recovered from customers and increases in accounts receivable and inventory, only partially offset by an income tax refund, pushed working capital higher. Working capital in both 2003 and 2002 was also negatively affected by payments against restructuring accruals of $145 and $142, respectively. Overall, cash flows from operations totaled $335 in 2003.

| | 2003 | 2002 | Dollar Change |
|---|---|---|---|
| **Cash Flows from Investing Activities:** | | | |
| Purchases of property, plant and equipment | **$(305)** | $(375) | $ 70 |
| Divestitures | **145** | 506 | (361) |
| Proceeds from sales of leasing subsidiary assets | **193** | 248 | (55) |
| Proceeds from sales of other assets | **89** | 101 | (12) |
| Other | **87** | 45 | 42 |
| Cash flows from investing activities | **$ 209** | $ 525 | $(316) |

Control over capital spending remained tight in 2003. While less than half the amount spent in 2000, the 2003 outlays for machinery and equipment were more in line with the operations that remain after major divestitures and outsourcing initiatives. Expenditures have been focused on opportunities to leverage technology and support new customer programs. We expect to see capital spending in 2004 increase to levels approximating depreciation expense.

Divestiture activities were limited in 2003 in terms of proceeds received, but those proceeds were supplemented by the cash generated on asset sales, many of which were related to consolidation or outsourcing efforts. Within our leasing operations, we continued to make progress on reducing the lease investment portfolio. Overall, we generated more than $200 in connection with our net investing activities.

| | 2003 | 2002 | Dollar Change |
|---|---|---|---|
| **Cash Flows from Financing Activities:** | | | |
| Net change in short-term debt | **$(113)** | $(556) | $ 443 |
| Issuance of long-term debt | | 285 | (285) |
| Payments on and repurchases of long-term debt | **(272)** | (467) | 195 |
| Dividends paid | **(14)** | (6) | (8) |
| Other | **17** | 72 | (55) |
| Cash flows from financing activities | **$(382)** | $(672) | $ 290 |

We used the cash generated by our operating and investing activities to meet scheduled debt payments and reduce the amount outstanding under our short-term facilities. We also spent $140 to repurchase notes having a face amount of $158, generating a pre-tax gain of $15 after considering the unamortized issuance costs and original issuance discount. Cash collected upon the termination of interest rate swaps accounted for a substantial majority of the remaining inflows in both 2003 and 2002.

Managing our cash remains a high priority. Our estimate of cash outlays related to restructuring activities is $80 for 2004 and we expect to reduce working capital, exclusive of our restructuring activities, by $100 based on the projected levels of production for 2004. Within our investing activities, we expect the proceeds from the divestiture of the Automotive Aftermarket business to exceed its book value. Achieving these targets would enable us to reduce debt, invest in other business opportunities and contribute to our pension plans.

Table of Contents

**Cash Flows (2002 versus 2001)**

| | 2002 | 2001 | Dollar Change |
|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | |
| Net income (loss) | $(182) | $(298) | $ 116 |
| Effect of change in accounting | 220 | | 220 |
| Depreciation and amortization | 478 | 548 | (70) |
| Deferred income taxes | (135) | (116) | (19) |
| Unremitted earnings of affiliates | (43) | 4 | (47) |
| Gains on divestitures and asset sales | (53) | (10) | (43) |
| Asset impairment charges | 114 | 206 | (92) |
| Decrease (increase) in operating working capital | 50 | 407 | (357) |
| Other | 72 | (102) | 174 |
| Cash flows from operating activities | $ 521 | $ 639 | $(118) |

Net income in 2002, after adding back the non-cash impact of our change in accounting for goodwill, contributed $336 more to operating cash flows than in 2001. Operating cash flow produced from depreciation declined in 2002 because of our reduced capital spending in 2001 and 2002, as spending was substantially below depreciation levels in both years. The non-cash impact of impairment charges on operating cash flows resulted from a higher level of restructuring announcements in 2001 compared to 2002, each of which related to the overall restructuring program announced during the fourth quarter of 2001. Operating working capital decreased significantly in 2001 as we addressed the high levels of working capital in our AAG SBU. Working capital, especially inventory, was abnormally high in 2000 in certain of the AAG units that were in the process of consolidating distribution centers and had built bridge inventories to meet customer demand during the consolidation. These inventories were reduced in 2001. The pace of improvement in working capital levels slowed in 2002 in large part due to cash payments associated with our restructuring plans.

| | 2002 | 2001 | Dollar Change |
|---|---|---|---|
| **Cash Flows from Investing Activities:** | | | |
| Purchases of property, plant and equipment | $(375) | $(425) | $ 50 |
| Divestitures | 506 | 236 | 270 |
| Proceeds from sales of leasing subsidiary assets | 248 | 60 | 188 |
| Proceeds from sales of other assets | 101 | 132 | (31) |
| Other | 45 | 76 | (31) |
| Cash flows from investing activities | $ 525 | $ 79 | $446 |

Cash flows from investing activities in 2002 benefited from cash generated by divestitures of non-core businesses during the year, including FTE, Boston Weatherhead Division and certain smaller business units. In addition, sales of DCC assets were significantly higher in 2002 as a result of sale transaction activity occurring subsequent to our announcement in the fourth quarter of 2001 of our intention to sell a substantial portion of DCC’s assets. Investing cash flows also benefited from reduced capital spending in 2002 as compared to 2001.

| | 2002 | 2001 | Dollar Change |
|---|---|---|---|
| **Cash Flows from Financing Activities:** | | | |
| Net change in short-term debt | $(556) | $(888) | $ 332 |
| Issuance of long-term debt | 285 | 847 | (562) |
| Payments on long-term debt | (467) | (501) | 34 |
| Dividends paid | (6) | (140) | 134 |
| Other | 72 | (16) | 88 |
| Cash flows from financing activities | $(672) | $(698) | $ 26 |

Cash flows from financing activities were essentially the same in 2002 and 2001. Net debt repayments (long-term and short-term, net of new borrowings) were nearly $200 higher in 2002 compared to 2001 as we sought to reduce aggregate debt levels. Some of the cash available to accomplish this was made available due to lower amounts paid out in cash dividends in 2002 as compared to 2001.

*Financing Activities* — Committed and uncommitted credit lines enable us to make borrowings to supplement the cash flow generated by our operations. Excluding DCC, we had committed and uncommitted borrowing lines of $1,315 at December 31, 2003. This amount included our long-term credit facility in the amount of $400, which matures in November 2005. The interest rates under this facility equal the London interbank offered rate (LIBOR) or the prime rate, plus a spread that varies depending on our credit ratings. Under this facility, we may borrow amounts up to $50 on an unsecured basis, provided such amounts are not outstanding for more than five business days or borrowed within a five-day period after repayment of all previous advances. For any other borrowings, we must provide certain inventory and other collateral, as permitted within the limits of our indentures. These provisions of the facility terminate if our credit ratings reach Baa3 by Moody's and BBB- by S&P. We also have an accounts receivable securitization program that provides up to $400 to meet our periodic demands for short-term financing. The amounts available under the program are subject to reduction based on adverse changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the underlying accounts receivable. This program is subject to possible termination by the lenders in the event our credit ratings are lowered below B1 by Moody's Investor Service (Moody's) and B+ by Standard and Poor's (S&P). As of February 17, 2004, we were rated Ba3 by Moody's and BB by S&P. In anticipation of the sale of substantially all of our Automotive Aftermarket Group, we will seek to arrange an additional financing facility to augment the accounts receivable securitization program. Our preliminary assessment, based on an average historical volume of AAG receivables, indicated that the withdrawal of AAG would decrease the amount available under the existing program by approximately $200. At the end of 2003, borrowings outstanding under the various Dana lines consisted of $24 drawn by non-U.S. subsidiaries against uncommitted lines. No amounts were outstanding under the accounts receivable program or the long-term credit facility.

Dana's long-term credit facility requires us to improve upon specified financial ratios as of the end of certain specified quarters, including the ratio of net senior debt to tangible net worth; the ratio of earnings before interest, taxes and depreciation and amortization (EBITDA) less capital spend to interest expense; and the ratio of net senior debt to EBITDA. Specifically, the ratios are: (i) net senior debt to tangible net worth of not more than 1.10:1 at December 31, 2003 and thereafter; (ii) EBITDA (as defined in the facility) minus capital expenditures to interest expense of not less than 1.90:1 at December 31, 2003, 2.25:1 at March 31, 2004 and 2.50:1 at June 30, 2004 and thereafter; and (iii) net senior debt to EBITDA of not greater than 2.90:1 at December 31, 2003 and 2.50:1 at March 31, 2004 and thereafter. The ratio calculations are based on Dana's consolidated financial statements with DCC accounted for on an equity basis. We were in compliance with all of these ratio requirements at December 31, 2003.

In addition, DCC has a revolving credit facility. The amount available under the facility was reduced by $150 in 2003 as a result of renegotiating the facility and applying a provision that calls for reducing the line by two-thirds of the net cash proceeds from any sales of DCC assets. The facility had a maximum

borrowing capacity of $100 at December 31, 2003 and is subject to further proceeds-based reductions until its June 2004 maturity. Interest rates under the facility equal LIBOR or the prime rate, plus a spread that varies depending on DCC's credit ratings. At December 31, 2003, there was $30 outstanding under DCC's revolving credit facility.

Because our financial performance is impacted by various economic, financial and industry factors, we cannot say with certainty whether we will satisfy the covenants under these long-term bank facilities in the future. Noncompliance with these covenants would constitute an event of default, allowing the lenders to accelerate the repayment of any borrowings outstanding under the facilities. While no assurance can be given, we believe that we would be able to successfully negotiate amended covenants or obtain waivers if an event of default were imminent; however, we might be required to provide additional collateral to the lenders or make other financial concessions. Default under the credit facilities or any of our significant note agreements may result in defaults under our other debt instruments. Our business, results of operations and financial condition could be adversely affected if we were unable to successfully negotiate amended covenants or obtain waivers on acceptable terms.

Based on our rolling six-quarter forecast, we expect our cash flows from operations, combined with these credit facilities and the accounts receivable securitization program, to provide sufficient liquidity to fund our debt service obligations, projected working capital requirements, restructuring obligations and capital spending for a period that includes the next twelve months.

*Hedging Activities* — At December 31, 2003, we had a number of open forward contracts to hedge against certain anticipated net purchase and sale commitments. These contracts are for a short duration and none extends beyond the first quarter of 2005. The aggregate fair value of these contracts is a favorable amount approximating $3. These contracts have been valued by independent financial institutions using the exchange spot rate on December 31, 2003, plus or minus quoted forward basis points, to determine a settlement value for each contract.

In order to provide a better balance of fixed and variable rate debt, we have interest rate swap agreements in place to effectively convert the fixed interest rate on certain of our notes to variable rates. These swap agreements have been designated as fair value hedges and the impact of the change in their value is offset by an equal and opposite change in the carrying value of the notes. In May 2003, we received $18 in connection with terminating two of the swap agreements. Because these agreements had been designated as fair value hedges of the corresponding notes, the carrying value of the notes had been adjusted to offset the recent increases in the fair value of the swap agreements. This valuation adjustment will be amortized as a reduction of interest expense over the remaining life of the notes. The terminated agreements were replaced with new swap agreements. Under the current agreements, we receive an average fixed rate of interest of 9.26% on notional amounts of $825 and €200 and we pay a variable rate based on either LIBOR, plus a spread, or EURIBOR, plus a spread, respectively. As of December 31, 2003, the average variable rate under these agreements approximated 6.38%. The swap agreements expire in August 2011 ($575 and €200) and March 2010 ($250), coinciding with the terms of the hedged notes. Based on the aggregate fair value of these agreements at December 31, 2003, we recorded a noncurrent liability of $11 and offset the carrying value of long-term debt. This adjustment of long-term debt, which does not affect the scheduled principal payments, will fluctuate with the fair value of the swap agreements and will not be amortized if the swap agreements remain open.

DCC was party to interest rate swaps which provided for DCC to receive payments based on prevailing short-term market rates and pay a 7.95% fixed rate on a notional amount of $45. These agreements expired in the second half of 2003 coincident with the maturity of the medium-term notes which they hedged.

The fair values of the Dana swap agreements were an aggregate liability of $11 at December 31, 2003. The fair values of all swap agreements were determined by obtaining pricing estimates from independent financial institutions.

*Cash Obligations* — Under various agreements, we are obligated to make future cash payments in fixed amounts. These include payments under our long-term debt agreements, rent payments required under operating lease agreements and payments for equipment, other fixed assets and certain raw materials.

The following table summarizes our fixed cash obligations over various future periods.

| | | Payments Due by Period | | | |
|---|---|---|---|---|---|
| **Contractual Cash Obligations** | **Total** | **Less than 1 Year** | **1-3 Years** | **4-5 Years** | **After 5 Years** |
| Principal of Long-Term Debt | $3,044 | $439 | $159 | $507 | $1,939 |
| Operating Leases | 378 | 73 | 107 | 69 | 129 |
| Unconditional Purchase Obligations | 224 | 159 | 43 | 22 | |
| Other Long-Term Liabilities | 1,338 | 154 | 252 | 267 | 665 |
| Total Contractual Cash Obligations | $4,984 | $825 | $561 | $865 | $2,733 |

The unconditional purchase obligations presented are comprised principally of commitments for procurement of fixed assets and the purchase of raw materials.

We have a number of sourcing arrangements with suppliers for various component parts used in the assembly of certain of our products. These arrangements include agreements to procure certain outsourced components that we had manufactured ourselves in earlier years. These agreements do not contain any specific minimum quantities that we must order in any given year, but generally require that we purchase the specific component exclusively from the supplier over the term of the agreement. Accordingly, our cash obligation under these agreements is not fixed. However, if we were to estimate volumes to be purchased under these agreements based on our forecasts for 2004 and assume that the volumes were constant over the respective contract periods, the annual purchases from those agreements where we estimate the annual volume would exceed $20 would be as follows for our continuing operations: $767 in 2004, $1,353 in 2005 and 2006 combined, $1,077 in 2007 and 2008 combined and $1,623 thereafter.

Other Long-Term Liabilities include estimated obligations under our retiree healthcare programs and the estimated 2004 contribution to our U.S. defined benefit pension plans. Obligations under the retiree healthcare programs are not fixed commitments and will vary depending on various factors, including the level of participant utilization and inflation. Our estimates of the payments to be made through 2008 considered recent payment trends and certain of our actuarial assumptions. We have not estimated pension contributions beyond 2004 due to the significant impact that return on plan assets, changes in discount rates and a potential additional contribution in 2004 might have on such amounts.

In addition to fixed cash commitments, we may have future cash payment obligations under arrangements where we are contingently obligated if certain events occur or conditions are present. We have guaranteed $1 of short-term borrowings of a non-U.S. affiliate accounted for under the equity method of accounting. In addition, DCC has guaranteed portions of the borrowings of its affiliates that are accounted for under the equity method. DCC's aggregate exposure under one of the guarantees is $6. Under another guarantee, DCC's exposure for changes in interest rates resulting from specific events described in the financing arrangements would vary but should not exceed $32.

We procure tooling from a variety of suppliers. In certain instances, in lieu of making progress payments on the tooling, we may guarantee a tooling supplier's obligations under its credit facility secured by the specific tooling purchase order. Our Board authorization permits us to issue tooling guarantees up to $80 for these programs. At December 31, 2003, we had an $18 guarantee outstanding in connection with a tooling order for one of our OE programs. We do not expect such guarantees for this program to exceed $40.

At December 31, 2003, we maintained cash balances of $195 on deposit with financial institutions, of which $98 may not be withdrawn, to support stand-by letters of credit, surety bonds or trusteed certificate accounts amounting to $237 issued on our behalf by financial institutions. These financial instruments,

which are used principally for the purpose of meeting various states' requirements in order to self-insure our workers compensation obligations, are expected to be renewed each year. We accrue the estimated liability for workers compensation claims, including incurred but not reported claims. Accordingly, no significant impact on our financial condition would result if the letters of credit were drawn or the surety bonds or certificate accounts were called.

In connection with certain of our divestitures, there may be future claims and proceedings instituted or asserted against us relative to the period of our ownership or pursuant to indemnifications or guarantees provided in connection with the respective transactions. The estimated maximum potential amount of payments under these obligations is not determinable due to the significant number of divestitures and lack of a stated maximum liability for certain matters. In some cases, we have insurance coverage available to satisfy claims related to the divested businesses. We believe that payments, if any, in excess of amounts provided or insured related to such matters are not reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

*Contingencies* **—** 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 our pending judicial and legal proceedings, including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage 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* — Since the mid-1980s, we have been a defendant in asbestos bodily injury litigation. For most of this period, our asbestos-related claims were administered by the Center for Claims Resolution (CCR), which settled claims for its member companies on a shared settlement cost basis. In February 2001, the CCR was reorganized and discontinued negotiating shared settlements. Since then, we have independently controlled our legal strategy and settlements. In August 2001, we retained Peterson Asbestos Consulting Enterprise (PACE), a subsidiary of Peterson Consulting, Inc., to administer our claims, bill our insurance carriers and assist us in claims negotiation and resolution.

At December 31, 2003, we had approximately 149,000 pending asbestos-related product liability claims, consisting of approximately 139,000 unresolved claims and approximately 10,000 claims settled pending payment (including 7,000 claims remaining from when we were a member of the CCR and 3,000 claims we have settled subsequently). This compares to approximately 139,000 pending claims that we reported at December 31, 2002, consisting of approximately 115,000 unresolved claims and approximately 24,000 claims settled pending payment (including 14,000 claims remaining from when we were a member of the CCR and 10,000 claims we have settled subsequently). We believe that we are now being named in more claims because claimants are routinely naming many former CCR members in individual claims, and that more of our claims are now pending for longer periods because we are aggressively defending claims which might previously have been settled by the CCR. We attribute the increase in the number of claims which occurred in the first half of 2003 in large part to the delayed service of numerous complaints that had been filed in Mississippi in advance of the January 1, 2003 effective date of new laws limiting the filing of tort claims in that state. Many of these were amended claims that had not originally named Dana as a defendant. The number of pending claims declined by 5,000 in the fourth quarter of 2003.

The overall increase in the number of pending claims has not materially affected our aggregate loss estimate for such claims. At December 31, 2003, we had accrued $133 for indemnity and defense costs for contingent asbestos-related product liability claims and recorded $113 as an asset for probable recoveries from insurers for such claims, compared to $124 accrued for such liabilities and $105 recorded as an asset at December 31, 2002. We review our claims database annually and make adjustments to our loss estimates if appropriate. While we expect our legal defense costs will continue at higher levels than when we were a member of the CCR, we believe that our litigation strategy has reduced and will continue to reduce our indemnity costs. We have agreements with our insurance carriers providing for the payment

of a significant majority of the defense and indemnity costs for the pending claims, as well as claims which may be filed against us in the future. We cannot estimate possible losses in excess of those for which we have accrued because we cannot predict how many additional claims may be brought against us in the future, the allegations in such claims or their probable outcomes.

At December 31, 2003 and 2002, we had amounts receivable from our insurers and others of $33 and $38, respectively, representing reimbursements for settled claims and related defense costs. These receivables include billings in progress and amounts subject to alternate dispute resolution proceedings with certain of our insurers. Substantial progress has been made in those proceedings and we expect the outcome to be favorable. However, the amount receivable may increase until the proceedings are ultimately concluded. During 2003, we received $4 from the CCR as a refund of previous settlement advances and $21 from our insurers as reimbursement for defense and indemnity costs. Additional amounts were billed to our insurers for amounts we paid in 2003 in defense and indemnity costs.

*Other Product Liabilities* — At December 31, 2003, we had accrued $12 for contingent non-asbestos product liability costs, compared to $10 at December 31, 2002, with no recovery expected from third parties at either date. If there is a range of equally probable outcomes, we accrue the lower end of the range. The difference between our minimum and maximum estimates for these liabilities was $12 at both dates.

*Environmental Liabilities* — We estimate contingent environmental 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. Dana is a potentially responsible party at the Hamilton Avenue Industrial Park Superfund site in New Jersey. The site has three “Operable Units.” We have estimated our potential financial exposure for Operable Units 1 and 2 at the site as ranging between $1 and $5 based on our view as to the most likely remediation method and allocation of costs between Dana and other potentially responsible parties. However the EPA has identified an array of remedial alternatives for Operable Unit 2 that includes a range from lower to substantially higher than our estimate. We have not included any estimate for Operable Unit 3 in our cost projections as the site investigation for this aspect of the site has not yet been conducted. Currently, it is impossible to predict which remedial alternative for Operable Unit 2 will be selected by the EPA, or whether there will be a need for remedial action related to Operable Unit 3. At December 31, 2003, we had accrued $77 for contingent environmental liabilities, compared to $78 accrued at December 31, 2002, with no recovery expected from other parties at either date. The difference between our minimum and maximum estimates for these liabilities was $10 at December 31, 2003, compared to $3 at December 31, 2002.

*Other Liabilities* — 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 are now seeking 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 member companies, our insurers and the claimants to resolve these issues. At December 31, 2003, we had estimated our total exposure to these matters to be approximately $48 compared to our estimate of $57 at December 31, 2002. At December 31, 2003, we had recorded an estimated recoverable of $30 compared to $47 recorded at December 31, 2002. The change in both amounts during 2003 reflects the favorable renegotiation of a portion of unpaid amounts with the plaintiffs. In addition, we have increased our reserve against the recoverable by $8 to take into account the current status of negotiations with our insurers, including the status of alternate dispute resolution proceedings and consultations with outside counsel.

*Assumptions* — The amounts recorded for contingent asbestos-related liabilities and recoveries are based on assumptions and estimates derived from our historical experience and current information. If our assumptions about the nature of the pending unresolved bodily injury claims and the claims relating to the CCR-negotiated settlements, the costs to resolve those claims and the amount of available insurance and surety bonds prove to be incorrect, the actual amount of our liability for asbestos-related claims and the effect on the company could differ materially from our current expectations.

### Restructuring

In October 2001, we announced the largest restructuring initiative in our history. These restructuring actions were designed to quicken our pace of reducing our capacity and fixed cost structure to generate improved margins at lower expected levels of production. As well, certain actions positioned us to complete the aforementioned divestiture of non-strategic businesses. The restructuring actions called for in the 2001 Plan have been substantially completed. The cost associated with these actions was $442. Upon completion, we will have closed 39 facilities and reduced the workforce by more than 12,500 people. See a discussion of these restructuring actions and the related costs in our consolidated financial statements under “Note 23. Restructuring of Operations.”

### Critical Accounting Estimates

The following discussion of accounting estimates is intended to supplement the Summary of Significant Accounting Policies presented as Note 1 to the consolidated financial statements. These estimates were selected because they are broadly applicable within our operating units. In addition, these estimates are subject to a range of amounts because of inherent imprecision that may result from applying judgment to the estimation process. The expenses and accrued liabilities or allowances related to certain of these policies are initially based on our best estimates at the time of original entry in our accounting records. Adjustments are recorded when our actual experience differs from the expected experience underlying the estimates. These adjustments could be material if our experience were to change significantly in a short period of time. We make frequent comparisons of actual experience and expected experience in order to mitigate the likelihood of material adjustments.

*Asset Impairment* — We perform periodic impairment analyses on our long-lived assets such as property, plant and equipment, carrying amount of investments and goodwill. We also evaluate the carrying amount of our inventories on a recurring basis for impairment due to lower of cost or market issues, and for excess or obsolete quantities.

We perform impairment analyses of our recorded long-lived assets whenever events and circumstances indicate that they may be impaired. When the undiscounted cash flows, without interest or tax charges, are less than the carrying value of the assets being reviewed for impairment, the assets are written down to fair market value. During 2003, 2002 and 2001 we recorded long-lived tangible asset impairment provisions of $21, $42 and $166, respectively which resulted in part from excess capacity caused by the downturn in our markets and the resulting restructuring of our operations.

On January 1, 2002, we adopted SFAS No. 142 and, in connection with the adoption, discontinued the amortization of goodwill. Under our previous accounting policy for goodwill, we amortized goodwill on a straight-line basis over the periods of expected benefit which ranged from 10 to 40 years. In 2001, we recognized $38 of goodwill amortization.

In lieu of amortization of goodwill in 2002, we tested goodwill for impairment as of the date of adoption and we also tested for impairment in 2003. The factors that would cause a more frequent test for impairment include, among other things, a significant negative change in the estimated future cash flows of a reporting unit that has goodwill because of an event or a combination of events.

Our initial impairment test indicated that the carrying amounts of some of our reporting units exceeded the corresponding fair values, which were determined based on the discounted estimated future cash flows of the reporting units. The implied fair value of goodwill in these reporting units was then determined through the allocation of the fair value to the underlying assets and liabilities. The January 1, 2002 carrying amount of the goodwill in these reporting units exceeded its implied value by $289; accordingly, the recorded goodwill was written down by this amount. The goodwill included in our December 31, 2001 financial statements, which included the $289, was supported by the undiscounted estimated future cash flows of the related operations. Our periodic tests for impairment subsequent to the adoption of SFAS No. 142 have not resulted in further impairment charges.

SFAS No. 142 also applies to other intangible assets. We did not have a significant amount of intangible assets other than goodwill at December 31, 2003 and 2002.

Inventories are valued at the lower of cost or market. Cost is generally determined on the last-in, first-out basis for U.S. inventories and on the first-in, first-out or average cost basis for non-U.S. inventories. Where appropriate, standard cost systems are utilized for purposes of determining cost; the standards are adjusted as necessary to ensure they approximate actual costs. Estimates of lower of cost or market value of inventory are determined at the reporting unit level and are based upon the inventory at that location taken as a whole. These estimates are based upon current economic conditions, historical sales quantities and patterns and, in some cases, the specific risk of loss on specifically identified inventories.

We also evaluate inventories on a regular basis to identify inventory on hand that may be obsolete or in excess of current and future projected market demand. For inventory deemed to be obsolete, we provide a reserve on the full value of the inventory. Inventory that is in excess of current and projected use is reduced by an allowance to a level that approximates our estimate of future demand.

*Warranty* — Estimated costs related to product warranty are accrued at the time of sale and included in cost of sales. Estimated costs are based upon past warranty claims and sales history. These costs are then adjusted, as required, to reflect subsequent experience. Warranty expense related to continuing operations totaled $29, $61 and $70 in 2003, 2002 and 2001, respectively. Our 2002 expense included provisions of $25 that related to adjustments of estimates made in prior years. Accrued liabilities for warranty obligations at December 31, 2003 and 2002 were $91 and $135, respectively.

*Pension and Postretirement Benefits Other Than Pensions* — Annual net periodic expense and benefit liabilities under our defined benefit plans are determined on an actuarial basis. Each year, we compare the actual experience to the more significant assumptions used; if warranted, we make adjustments to the assumptions. The healthcare trend rates are reviewed with our actuaries based upon the results of their review of claims experience. Discount rates are based upon an expected benefit payments duration analysis and the equivalent average yield rate for high-quality fixed-income investments. Pension benefits are funded through deposits with trustees and the expected long-term rates of return on fund assets are based upon actual historical returns modified for known changes in the market and any expected changes in investment policy. Postretirement benefits are not funded, with our policy to pay these benefits as they become due.

Certain accounting guidance, including the guidance applicable to pensions, does not require immediate recognition of the effects of a deviation between actual and assumed experience or the revision of an estimate. This approach allows the favorable and unfavorable effects that fall within an acceptable range to be netted. Although this netting occurs outside the basic financial statements, the net amount is disclosed as an unrecognized gain or loss in the footnotes to our financial statements. At December 31, 2003, we had an unrecognized loss related to our pension plans of $574 compared to an unrecognized loss of $662 at the end of 2002. The reduction in the unrecognized actuarial loss in 2003 is primarily related to our 2003 return on pension plan assets, which was in excess of our long-term estimated rate of return. A small portion of the unrecognized loss was also recognized in 2003 expense, further reducing the balance. A portion of the December 31, 2003 unrecognized loss will be amortized into earnings in 2004. The effect on years after 2004 will depend in large part on the actual experience of the plans in 2004 and beyond.

Our pension plan discount rate assumption is evaluated annually. Long-term interest rates on high quality debt instruments, which are used to determine the discount rate, declined in 2003 and 2002. Accordingly, we reduced the discount rate used to determine our pension benefit obligation on our U.S. plans in both years. We utilized a discount rate of 6.25% at December 31, 2003 compared to a rate of 6.75% at December 31, 2002. Our discount rate assumption at December 31, 2001 was 7.50%. In addition, the weighted average discount rate utilized by our non-U.S. plans was also reduced to 5.63% at December 31, 2003 from 5.99% at December 31, 2002. The discount rate used at December 31, 2001 for our non-U.S. plans was comparable to the rate used at December 31, 2002. Overall, a downward movement in the discount rate of 25 basis points would result in an increase in our U.S. obligation of approximately $55, whereas an equal upward movement in the rate would result in a decrease of $53. A 25

basis point decrease in the discount rate would increase pension expense by $4 while a 25 basis point increase in the rate would decrease pension expense by $4.

Besides evaluating the discount rate used to determine our pension obligation, we also evaluated our assumption in 2002 relating to the expected return on U.S. plan assets. This rate, which was used in the determination of pension expense for the year ended December 31, 2003, was lowered to 8.75% from 9.50%. We revised our expected rate of return on plan assets, in part, because the rate of return on pension assets had declined significantly in 2002. The decreased rate of return assumption used for determining 2003 pension expense was based on (1) the fact that higher returns achieved by our fixed-income security portfolios in 2002 did not offset negative returns on our equity security portfolios, and (2) our view of the intermediate future expected investment returns on U.S. plan assets. The rate of return assumption for U.S. plans as of December 31, 2003, which will be used for determining pension expense for 2004, is unchanged based on an evaluation performed during the fourth quarter of 2003. The weighted average expected rate of return assumption used for determining pension expense of our non-U.S. plans in 2003 and 2002 was 7.06% and 7.16%, respectively. The weighted average expected rate of return assumption to be used to determine pension expense for non-U.S. plans in 2004 will be 6.80%. Lastly, in 2003, we revised the assumed interest crediting rate applied to participants' balances in our cash balance pension plans from 7% to 5%. The impact of this change was to reduce 2003 pension expense by $10.

We expect that the 2004 pension expense of U.S. plans, after considering all relevant assumptions, will increase by approximately $20 when compared to the amount recognized in 2003.

Notwithstanding the decline in the discount rates used to determine both our U.S. and non-U.S. pension obligations at December 31, 2003 from those used at December 31, 2002, the minimum pension liability decreased by $109 during 2003. This decrease is largely attributable to the increases in pension plan assets, principally in the U.S. and United Kingdom, resulting from favorable investment returns. This reversed a trend of increases in the minimum pension liability in each of the three years preceding 2003, including increases of $398 and $131 in 2002 and 2001, respectively. These increases were the result of actual returns on pension plan assets being significantly lower than assumed earnings and the lowering of discount rates used to determine the amount of our obligations under the plans in each year.

We made contributions of $72 to our pension plans in 2003, including $38 to U.S. plans, compared to $33 in 2002, including $18 to U.S. plans.

Assumptions are also a key determinant in the amount of the obligation and expense recorded for postretirement benefits other than pension (OPEB). Nearly 95% of the total obligation for postretirement benefits relates to U.S. plans. The discount rate used to determine the obligation for these benefits decreased to 6.24% at December 31, 2003 from 6.75% at December 31, 2002. If there were a 25 basis point decrease in the discount rate, our OPEB expense would increase by $2 and our obligation would increase by $42. If there were a 25 basis point increase in the discount rate, our OPEB expense would decrease by $1 and our obligation would decrease by $40. The healthcare costs trend rate is also an important assumption in determining the amount of the OPEB obligation. We increased the initial weighted healthcare cost trend rate from 8.1% at December 31, 2001 to 12.3% at December 31, 2002 to reflect higher rates of inflation in medical costs, particularly inflation in prescription drug costs. In 2003, we lowered the initial trend rate slightly to 11.81%. These assumption changes had a direct influence on the OPEB obligation increasing from $1,415 at December 31, 2001 to $1,699 at December 31, 2002 and to $1,759 at December 31, 2003. The increase in the OPEB obligation between 2001 and 2002 was 20% whereas the increase between 2002 and 2003 was 3.5%. The two factors that reduced the rate of increase related to a plan amendment that reduced our obligation by $121 in 2003 and a $119 reduction in the amount of actuarial loss from 2002 to 2003. OPEB expense was $158 in 2003, $145 in 2002 and $110 in 2001, representing an increase of 44% over the period. If there were a 100 basis point increase in the assumed healthcare trend rates, our OPEB expense would increase by $9 and our obligation would increase by $129. If there were a 100 basis point decrease in the trend rates, our OPEB expense would decrease by $8 and our obligation would decrease by $118.

*Income Taxes* — Accounting for income taxes involves matters that require estimates and the application of judgment. These include an evaluation of the realizability of recorded deferred tax benefits and assessment of potential tax liability relating to areas of potential dispute with various tax regulatory agencies. We have operations in numerous jurisdictions around the world each with its own unique tax laws and regulations. This adds further complexity to the process of accounting for income taxes. Our income tax estimates are adjusted in light of changing circumstances, such as the progress of our tax audits and our evaluations of the realizability of our tax assets.

At December 31, 2003, we had net operating loss (NOL) carryforwards in a number of tax jurisdictions, including the U.S. We also have net deferred tax assets, primarily related to our U.S. OPEB liability, which will be deductible on our tax returns when they are paid in the future. We have evaluated the potential realization of these deferred tax benefits on a jurisdiction by jurisdiction basis. Our standard of realization is one of whether it is more likely than not that we will recognize the benefit of the NOL over the carryforward period and also realize the tax benefits from the OPEB deductions in the future. Our analysis of the realization considers the probability of generating taxable income over the permitted carryforward period in each jurisdiction. Where we have determined under the more likely than not standard that we do not have a better-than-50% probability of realization, we establish a valuation allowance against that portion of the deferred tax asset where our analysis and judgment indicates a less-than-50% probability of realization. See additional discussion of NOL carryforwards and an analysis of our deferred tax assets and liabilities in our consolidated financial statements under “Note 15 Income Taxes” and herein under “Results of Operations.”

In addition, we had a capital loss carryforward of $1,302 at December 31, 2003 that arose from the sale of a subsidiary in 2002 whose tax basis significantly exceeded its book basis. This capital loss carryforward resulted in a deferred tax asset of $456 at December 31, 2003. This capital loss carryforward will expire in 2007. As discussed in the notes to our consolidated financial statements, the realization of this carryforward is dependent on the generation of capital gain income. Our manufacturing and leasing operations generally produce income that is characterized as ordinary income. Because of the short carryover period allowed for unused capital losses in combination with the specific nature of income that may be used against the capital loss carryforward, we have established a valuation allowance against most of the deferred tax asset at December 31, 2003. Our methodology for evaluating the level of allowance necessary includes an assessment of the likelihood of completion of specific transactions that will give rise to capital gain income during the carryforward period. The impact of those transactions that have a more likely than not probability of closing are considered in determining whether a reduction in the allowance is appropriate. These assessments are made at least quarterly. See additional discussion of capital loss carryforwards in our consolidated financial statements under “Note 15 Income Taxes” and herein under “Results of Operations.”

At December 31, 2003, we had excess foreign tax credits (FTCs) of $94 included in our deferred tax assets that will expire in various amounts beginning in 2005 and ending in 2008. The realization of these foreign tax credits is dependent on achieving the proper mix of U.S. and non-U.S. sources of income. We employ various modeling techniques in order to determine the likelihood of realizing the benefits of the FTC carryforwards. Because of the short carryforward period currently permitted for the utilization of FTCs and the mix of income required we have established an allowance for all but $34 of the FTC carryforwards at December 31, 2003. See additional discussion of FTC carryforwards in our consolidated financial statements under “Note 15 Income Taxes” and herein under “Results of Operations.”

*Contingency Reserves* — We have numerous other loss exposures, such as environmental claims, product liability and litigation. Establishing loss reserves for these matters requires the use of estimates and judgment in regards to risk exposure and ultimate liability. We estimate losses under the programs using consistent and appropriate methods; however, changes to our assumptions could materially affect our recorded liabilities for loss. See “Contingencies” herein under “Liquidity and Capital Resources” above for additional discussion.

## Results of Operations (2003 versus 2002)

Our manufacturing operations are organized into market-focused strategic business units. Our SBUs are Automotive Systems Group (ASG), Engine and Fluid Management Group (EFMG), and Heavy Vehicle Technologies and Systems Group (HVTSG). In December 2003, we announced our intention to sell substantially all of our Automotive Aftermarket business unit, which had been reported in prior periods as the Automotive Aftermarket Group (AAG) business segment. We have classified this business as a discontinued operation. The results of the discontinued operations are discussed more fully in a subsequent section. The Clevite engine hard parts aftermarket business that had been a part of the AAG is not a part of the planned aftermarket sale transaction. Clevite obtains a significant portion of the products it sells from EFMG. Accordingly, we have added Clevite to the EFMG. Our segment reporting for all periods has been restated to reflect these changes. After these changes, our segments are ASG, EFMG, HVTSG and Dana Credit Corporation (DCC).

Sales of our continuing operations by region for 2003 and 2002 were as follows:

### Geographical Sales Analysis

| | | | | | Dollar Change Due To | | |
|---|---|---|---|---|---|---|---|
| | 2003 | 2002 | Dollar Change | % Change | Currency Effects | Acquisitions/ Divestitures | Organic Change & Other |
| North America | **$5,473** | $5,516 | $ (43) | (1)% | $ 69 | $ — | $(112) |
| Europe | **1,455** | 1,233 | 222 | 18% | 222 | 2 | (2) |
| South America | **441** | 361 | 80 | 22% | (5) | — | 85 |
| Asia Pacific | **549** | 391 | 158 | 40% | 66 | (15) | 107 |
| | **$7,918** | $7,501 | $417 | 6% | $352 | $(13) | $ 78 |

The strengthening of certain international currencies against the U.S. dollar played a significant role in increasing our sales in 2003. In North America, the stronger Canadian dollar was the primary factor. In Europe, the euro and the British pound strengthened, while in Asia Pacific the increase was led by the Australian dollar.

Overall light vehicle production in North America declined from 16.4 million vehicles in 2002 to 15.9 million vehicles in 2003. This 3% reduction in light duty production was the primary factor in the year-over-year organic decline in our North American sales (organic change being the residual change after excluding the effects of acquisitions, divestitures and currency movements). The Class 8 commercial vehicle market in North America also experienced a slight drop in production — 176,000 units in 2003 versus 181,000 units in 2002. Lower sales due to these declines in production levels were partially offset by higher sales from net new business gains in each of our manufacturing SBUs.

Elsewhere in the world, overall light vehicle production demands in Europe and South America were comparable in 2002 and 2003, while 2003 production in the Asia Pacific region was higher. The organic sales growth in South America and Asia Pacific relates primarily to net new business gains in the light vehicle market by ASG.

Sales by segment for 2003 and 2002 are presented in the following table. DCC did not record sales in either year. The “Other” category in the table represents facilities that have been closed or sold and operations not assigned to the SBUs, but excludes discontinued operations.

**Strategic Business Unit Sales Analysis**

| | | | | | Dollar Change Due To | | |
|---|---|---|---|---|---|---|---|
| | **2003** | **2002** | **Dollar Change** | **% Change** | **Currency Effects** | **Acquisitions/ Divestitures** | **Organic Change & Other** |
| ASG | **$3,777** | $3,526 | $251 | 7% | $152 | $ 5 | $ 94 |
| EFMG | **2,150** | 2,119 | 31 | 1% | 110 | (18) | (61) |
| HVTSG | **1,924** | 1,797 | 127 | 7% | 87 | — | 40 |
| Other | **67** | 59 | 8 | 14% | 3 | — | 5 |
| | **$7,918** | $7,501 | $417 | 6% | $352 | $(13) | $ 78 |

ASG principally serves the light vehicle market, with some sales of driveshaft business to the original equipment commercial vehicle market. As previously mentioned, production levels in ASG’s largest market — the North American light-duty market — were down 4% in 2003. With more than 71% of its sales to this market, the lower production levels caused ASG’s sales to decline in that market. More than offsetting the overall market decline in North America were new business gains by ASG that came on stream in 2003. New business gains came principally from new structures business with Ford on the F-series pickup, Expedition/ Navigator SUVs and Freestar minivan. Other new programs contributing to sales in 2003 were axle business with General Motors on the Express/ Savannah full-size van and system integration business with Ford in Australia.

Like ASG, our EFMG unit sells primarily to the light vehicle segment of the market. By comparison to ASG, however, more of EFMG’s sales are to the commercial vehicle and engine parts aftermarket segments. Approximately 95% of EFMG’s sales are in North America and Europe. As the production levels were down or stable in these two regions, compared to 2002, EFMG experienced lower sales due to overall market conditions. This group experienced higher sales from the addition of net new programs commencing in 2003. However, the impact of sales gains from net new business was more than offset by lower production volumes, thereby resulting in a net organic sales reduction.

HVTSG focuses on the commercial vehicle and off-highway markets. More than 95% of HVTSG’s sales are in North America and Europe. In the commercial vehicle segment in both North America and Europe, production levels were relatively stable, with the North American Class 8 segment being down, as previously noted. Overall, off-highway production demands were also down in 2003. The net increase in organic sales in HVTSG was primarily due to new business commencing with certain off-highway customers in 2003.

Other income was $103 in both 2003 and 2002. Other income in 2003 included, among other items, gains on note repurchases, divestitures and asset sales of $47, gains from the favorable settlement of sales tax obligations in India of $6, favorable resolution of a contingency relating to the FTE business sold in 2002 of $5, Australian export credits of $6 and commission income of $5. These items were partially offset by expense incurred in connection with an unsolicited tender offer for our common stock. Other income in 2002 included, among other things, gains on divestitures and asset sales of $53 and foreign exchange gains of $19.

Table of Contents

An analysis of our 2003 and 2002 gross and operating margins and selling, general and administrative expense is presented in the following table.

**Gross and Operating Margin Analysis**

| | As a Percentage of Sales | | Increase/ (Decrease) | % Change |
|---|---|---|---|---|
| | **2003** | 2002 | | |
| Gross Margin %: | | | | |
| ASG | **7.19%** | 8.31% | (1.12)% | (13.48)% |
| EFMG | **11.90%** | 11.77% | 0.13% | 1.10% |
| HVTSG | **10.63%** | 10.43% | 0.20% | 1.92% |
| Consolidated | **8.47%** | 9.29% | (0.82)% | (8.83)% |
| Selling, general and administrative expense %: | | | | |
| ASG | **2.95%** | 3.40% | (0.45)% | (13.24)% |
| EFMG | **6.27%** | 6.87% | (0.60)% | (8.73)% |
| HVTSG | **6.06%** | 5.86% | 0.20% | 3.41% |
| Consolidated | **6.56%** | 7.75% | (1.19)% | (15.35)% |
| Operating margin %: | | | | |
| ASG | **4.25%** | 4.91% | (0.66)% | (13.44)% |
| EFMG | **5.63%** | 4.90% | 0.73% | 14.90% |
| HVTSG | **4.57%** | 4.57% | —% | —% |
| Consolidated | **1.91%** | 1.53% | 0.38% | 24.84% |

In ASG, 2003 gross margins have been significantly affected by start-up costs in our structures business. Significant front-end costs are typical in this business. This past year was atypical in that we had a greater number of programs launching in the same year than is normal. As well, some of these programs were large volume programs — including the new Ford F-150 pick-up (the highest selling pick-up in North America) and the General Motors Colorado/ Canyon full-size pick-up. Additionally, certain of these major programs experienced launch difficulties that resulted in higher than planned start-up costs. Incremental start-up costs in our structures business in 2003 approximated $35; we also incurred other launch-related costs. This factor alone negatively impacted ASG gross margins by about 1%. Adjusted for the effects of structures start-up costs, ASG gross margins in 2003 were comparable to 2002. Other factors that reduced gross margins were higher steel costs, higher pension and healthcare costs and customer price reductions. These margin reductions were largely offset by the benefits realized from prior restructuring initiatives, outsourcing of non-core manufacturing and other cost reduction initiatives.

Gross margins in our EFMG unit improved slightly year over year despite an organic sales decline. Like ASG, higher pension and healthcare costs and customer price reductions reduced margins in 2003. More than offsetting these factors were the benefits accruing from past restructuring actions, outsourcing non-core engine liner manufacturing to a Mexican equity affiliate and other cost reduction initiatives.

The HVTSG business, similar to EFMG, experienced a slight improvement in gross margins. As did our other two manufacturing SBUs, HVTSG margins benefits from restructuring actions taken the past few years and other continuous improvement endeavors.

**Selling, General and Administrative Expenses**

Consolidated selling, general and administrative (S,G & A) expenses of $520 in 2003 were $62 lower than 2002 expenses. The decrease in S,G & A is attributable to recently completed restructuring actions and other cost reduction initiatives at both the manufacturing SBUs and in the Corporate expense area. Additionally, S, G & A expenses associated with our DCC operation continues to come down as we divest the assets of this operation.

| | 2003 | 2002 | Dollar Change |
|---|---|---|---|
| Income (loss) before taxes | $ 81 | $(114) | $195 |

The matters presented earlier on discussions relating to sales, cost of sales and selling, general and administrative expenses have virtually no impact on the change in income (loss) before income taxes between 2002 and 2003 because of their overall offsetting nature. The improvement from a pre-tax loss in 2002 to pre-tax income in 2003 was also impacted by lower restructuring charges from continuing operations of $158 and $38 lower interest expense in 2003. The reduction in restructuring charges is attributable mainly to the winding down of the restructuring program announced in the fourth quarter of 2001. The reduction in interest expenses is due to both lower average interest rates and lower average debt outstanding.

| | 2003 | 2002 | Dollar Change |
|---|---|---|---|
| Income tax benefits | $ 49 | $ 78 | $(29) |

We experienced income tax benefits in both 2003 and 2002 that resulted in a net tax benefit significantly greater than the tax provision normally expected at a customary effective tax rate equal to the U.S. federal rate of 35%. Net tax benefits greater than that expected by applying a 35% rate to income (loss) before taxes were $77 in 2003 and $38 in 2002. A capital loss was generated in 2002 in connection with the sale of one of our subsidiaries. We recognized a benefit of $49 in 2002 in connection with the utilization of a portion of this capital loss. Since the benefit of these losses can only be realized by generating capital gains, a valuation allowance was recorded against the deferred tax asset representing the unused capital loss benefit. The valuation allowance is released upon the occurrence of transactions generating capital gains, or the determination that the occurrence of the transaction is probable. During 2003, income tax benefits of $49 were recognized through the release of the valuation allowance against our capital loss carryforward.

Similarly, deferred tax assets relating to ordinary (not capital) operating losses generated in certain jurisdictions where realization is not assured also have valuation allowances recorded against them. As income is generated in these jurisdictions, income tax benefits are recognized through the release of valuation allowances. Tax benefits of $21 were recognized in 2003 as a result of releasing valuation allowances.

## Results of Operations (2002 versus 2001)

Sales of our continuing operations by region for 2002 and 2001 were as follows:

### Geographical Sales Analysis

| | | | | | Dollar Change Due To | | |
|---|---|---|---|---|---|---|---|
| | 2002 | 2001 | Dollar Change | % Change | Currency Effects | Acquisitions/ Divestitures | Organic Change & Other |
| North America | $5,516 | $5,469 | $ 47 | 1 | $ (10) | $ (34) | $ 91 |
| Europe | 1,233 | 1,255 | (22) | (2) | 57 | (84) | 5 |
| South America | 361 | 432 | (71) | (16) | (130) | 24 | 35 |
| Asia Pacific | 391 | 324 | 67 | 21 | 15 | (25) | 77 |
| | $7,501 | $7,480 | $ 21 | | $ (68) | $(119) | $208 |

Currency effects in North America were due primarily to the weakening of the Canadian dollar in 2002. In Europe, the euro was weak relative to the dollar at the beginning of the year, but rebounded in the second half of the year to more than offset the first-quarter decline, thereby adding to the year’s reported sales. Currency movements in the British pound and other European currencies made up the remainder of

the European currency impact. South American sales suffered from weak local currencies throughout the region in particular the Argentine peso and the Brazilian real.

Corporate restructuring strategies designed to enhance core business activities led to a number of divestitures of businesses that did not meet revised core strategies. Some of these divestitures did not result in discontinued operations treatment in our financial statements. Accordingly, those divestitures have had an impact on the comparison of sales in 2002 and 2001. All regions except for South America were impacted by net divestitures. North American sales were impacted by four divestitures, the most significant of which was the power take-off business that represented $28 of the total sales decrease. The divestiture impact in Asia Pacific was wholly attributable to the sale of Taiway Ltd in January 2002. The divestiture impact in Europe was primarily related to the sales of Thermoplast + Apparatabau GmbH, a manufacturer of molded interior trim parts and the carryover impact of the September 2001 sale of our Glacier industrial polymer bearings business. The European divestiture impact on sales was partially offset by the August 2002 acquisition of GKN Ayra Cardan, a Spanish manufacturer of light-duty driveshafts. In South America, we realized a net increase in sales from acquisition and divestiture activities resulting from the carryover effect of our June 2001 acquisition of an additional 51% interest in Danaven, Inc. in which we previously held 49%.

Sales by segment for 2002 and 2001 are presented in the following table. DCC did not record sales in either year. The “Other” category in the table represents facilities that had been closed or sold and operations not assigned to the SBUs, but excludes discontinued operations.

**Strategic Business Unit Sales Analysis**

| | | | | | Dollar Change Due To | | |
|---|---|---|---|---|---|---|---|
| | 2002 | 2001 | Dollar Change | % Change | Currency Effects | Acquisitions/ Divestitures | Organic Change & Other |
| ASG | $3,526 | $3,485 | $ 41 | 1 | $(60) | $ 6 | $ 95 |
| EFMG | 2,119 | 2,151 | (32) | (1) | (11) | (91) | 70 |
| HVTSG | 1,797 | 1,751 | 46 | 3 | 5 | (35) | 76 |
| Other | 59 | 93 | (34) | (37) | (2) | 1 | (33) |
| | $7,501 | $7,480 | $ 21 | | $(68) | $(119) | $208 |

ASG overall sales increase occurred outside the North American region as year-over-year sales in North America actually declined by $1. ASG’s European and Asia Pacific operations produced sales increases of $22 and $68, respectively, while South American sales declined by $48 because of adverse currency movements of $81. Acquisition and divestitures had a minimal effect on ASG in 2002. However, ASG enjoyed 2.7% of organic growth, which occurred primarily in Asia Pacific where organic growth totaled $79 in 2002. Higher North American light-duty production levels also supported organic growth in 2002.

EFMG experienced an overall sales decline in 2002 all of which occurred outside the North American region as year-over-year sales in North America increased by $29. EFMG sales in Europe, Asia Pacific and South America decreased by $53, $7 and $1, respectively. Adverse currency impacts of $35 in South America and $3 in North America were not offset by a favorable currency impact in Europe of $27. EFMG was the most affected SBU from net divestiture activity. EFMG 2002 sales were impacted by the September 2001 sale of the Glacier industrial polymer bearings business and, to a lesser degree the sale of the assets of its Dallas, Texas and Washington, Missouri operations in the second quarter of 2001. EFMG’s organic growth of 3.3% in 2002 was realized in South America ($30), North America ($33) and Europe ($14). Organic growth resulted from a combination of higher year-over-year vehicle production levels (both light duty and commercial) and new business. EFMG sales in Asia Pacific declined by $7 in local markets.

HVTSG sales increased overall in 2002, which occurred in all regions, except South America which declined by $9. HVTSG sales in North America, Europe and Asia Pacific regions increased by $39, $11 and

$5, respectively. HVTSG's sales were favorably impacted by currency effects in Europe ($19), but unfavorably impacted in North America ($2) and South America ($12). Nearly all of the net divestiture impact on HVTSG sales in 2002 is attributable to the sale of the Chelsea power take-off business in July 2001. HVTSG's organic growth in 2002 is primarily attributable to higher commercial vehicle Class 8 production in 2002 (181,000 units) versus 2001 (146,000 units). In part, the 2002 production increase was due to customer pre-buy in advance of new diesel engine emission regulations that went into effect in October 2002.

Other income for the year ended December 31, 2002 was $103, or $22 higher than in 2001. The increase in 2002 is attributable to higher reported gains from divestitures and asset sales in 2002 as compared to 2001.

An analysis of our 2002 and 2001 gross and operating margins and selling, general and administrative expense is presented in the following table.

**Gross and Operating Margin Analysis**

| | As a Percentage of Sales | | | |
|---|---|---|---|---|
| | 2002 | 2001 | Increase/ (Decrease) | % Change |
| Gross Margin %: | | | | |
| ASG | 8.31% | 7.68% | 0.63% | 8% |
| EFMG | 11.77 | 10.01 | 1.76 | 18 |
| HVTSG | 10.43 | 8.14 | 2.29 | 28 |
| Consolidated | 9.29 | 8.51 | 0.78 | 9 |
| Selling, general and administrative expense %: | | | | |
| ASG | 3.40 | 3.49 | (0.09) | (3) |
| EFMG | 6.87 | 8.05 | (1.18) | (15) |
| HVTSG | 5.86 | 6.96 | (1.10) | (16) |
| Consolidated | 7.75 | 8.02 | (0.27) | (3) |
| Operating margin %: | | | | |
| ASG | 4.91 | 4.20 | 0.71 | 17 |
| EFMG | 4.90 | 1.96 | 2.94 | 150 |
| HVTSG | 4.57 | 1.19 | 3.38 | 284 |
| Consolidated | 1.53 | 0.49 | 1.04 | 212 |

Gross margin for 2001 would improve to 8.9% on a pro forma basis if goodwill amortization were excluded. The improvement in gross margin in 2002 compared to the pro forma 2001 margin is attributable in part to our restructuring program announced in the fourth quarter of 2001. The restructuring program achieved substantial progress in 2002 and included the consolidation of a number of operations and the outsourcing of certain non-core production. Margin improvement in ASG and EFMG were also driven by higher levels of light vehicle production in 2002 (16.4 million units) as compared to 2001 (15.5 million units). Similarly, margin improvements in HVTSG resulted from higher commercial vehicle production levels. In the Class 8 market, 181,000 units were produced in 2002 versus 146,000 units in 2001.

Selling, general and administrative (SG&A) expenses decreased in both absolute dollars ($18) and as a percentage of sales. Key elements of this decrease were a net divestiture impact of $16 and another $6 due to the effect of currency movement.

| | 2002 | 2001 | Dollar Change |
|---|---|---|---|
| Loss before taxes | $(114) | $(348) | $234 |

In addition to the reasons described earlier, the loss before income taxes decrease in 2002 compared to 2001 is attributable in large part to a decrease in the amount of restructuring charges and interest expense. Restructuring charges, excluding amounts included in cost of sales, decreased by $118 in 2002 compared to 2001. The reduction in restructuring charges is attributable to fewer announced restructuring actions during 2002 compared to those in 2001, most of which occurred in the fourth quarter of 2001. The reduction in interest expense of $45 in 2002 compared to 2001 is the combined impact of lower average interest rates and lower average debt outstanding.

| | 2002 | 2001 | Dollar Change |
|---|---|---|---|
| Income tax benefits | $ 78 | $118 | $(40) |

The effective tax rate of our continuing operations for the year ended December 31, 2002 approximated a 69% benefit rate compared to a 34% benefit rate for the year-earlier period. The two primary items affecting the effective income tax rate in 2002 relate to the recognition of a capital loss, which has been largely offset by a valuation allowance. The capital loss arose from the sale in 2002 of a subsidiary whose tax basis substantially exceeded the book basis. This capital loss was used to offset certain capital gains generated in 2002 from sales of other subsidiaries and assets, primarily real estate. These sales resulted in book gains for which only a relatively small amount of tax was recorded because of the available capital loss. At December 31, 2002, we had an unused capital loss carryforward of $1,050 that expires in 2007, and a deferred tax benefit of $368 associated with this carryforward. We established a valuation allowance of $356 against this deferred tax asset. See our discussion of Results of Operations — 2003 versus 2002 for the reasons for establishing this valuation allowance. Our effective tax rate of 34% in 2001 represented a rate much closer to the 35% statutory rate.

Minority interest in net income of consolidated subsidiaries increased $6 in 2002 when compared to the previous year due to the gain realized by a majority-owned subsidiary in Taiwan on the sale of a portion of an affiliate.

Equity in earnings of affiliates for 2002 was $23 higher than in 2001. DCC recorded a $14 increase in income from its affiliates accounted for under the equity method, rebounding from the decline experienced in 2001 when one-time charges related to the telecommunications industry were recorded by its equity affiliates. This comparison is impacted unfavorably by $10 in 2001 due to losses incurred by Danaven, a Venezuelan affiliate that became a consolidated subsidiary in July 2001. We also experienced increases of $2 from our equity investments in Germany in 2002.

We reported a net loss of $182 for 2002 compared to a net loss of $298 for 2001. Comparison of these annual amounts is difficult due to the change in accounting in 2002 and the unusual charges and credits in both years. The $133 of unusual after-tax charges includes $163 of charges related to our restructuring activities, reduced by $30 of net gains on divestitures. The net gain includes the $23 impairment charge related to the sale of our Engine Management business. Comprising the net $133 were net charges in the ASG ($19), the former AAG ($61), EFMG ($50), HVTSG ($22) and Other ($13) and a net credit within DCC ($32).

The net loss in 2001 included $313 of restructuring and other unusual charges and a net gain of $10 resulting from divestitures. Operating PAT of our continuing operations was $27 in 2001, while our discontinued operations reported a loss of $22 on the same basis. The net $303 of unusual items were related to ASG ($41), the former AAG ($85), EFMG ($108), HVTSG ($55) and the Other SBU ($14).

## Discontinued Operations

In 2002, we announced plans to divest American Electric Components, Inc., Tekonsha Engineering Company, Theodore Bargman Company, the FTE brake and clutch actuation systems businesses and the majority of the Boston Weatherhead Division and the Engine Management businesses. In 2003, we announced plans to divest substantially all of our Automotive Aftermarket Group. By December 31, 2002, all of the planned divestitures announced in 2002 had been completed except for the Engine Management

business, which was completed in the second quarter of 2003, and one plant of the Boston Weatherhead Division, which was closed in early 2003. At December 31, 2003, only the Automotive Aftermarket business unit remains to be sold. Each of these business components qualified as a discontinued operation under SFAS No. 144.

An analysis of the net sales and the income (loss) from discontinued operations of these businesses, grouped by business segment, follows:

| | 2003 | Change Between Years | 2002 | Change Between Years | 2001 |
|---|---|---|---|---|---|
| **Net Sales:** | | | | | |
| Automotive Aftermarket | **$1,998** | $ (5) | $2,003 | $ (7) | $2,010 |
| Engine Management | **142** | (146) | 288 | 8 | 280 |
| Tekonsha/ Bargman | **—** | (48) | 48 | 0 | 48 |
| Weatherhead AAG | **—** | (29) | 29 | (3) | 32 |
| AAG business segment | **2,140** | (228) | 2,368 | (2) | 2,370 |
| FTE (ASG business segment) | **—** | (251) | 251 | 14 | 237 |
| Boston Weatherhead (EFMG business segment) | **13** | (121) | 134 | (19) | 153 |
| AEC | **—** | (29) | 29 | (1) | 30 |
| Other | **—** | — | — | — | — |
| Other business segment | **—** | (29) | 29 | (1) | 30 |
| Total Discontinued Operations | **$2,153** | $(629) | $2,782 | $ (8) | $2,790 |
| **Income (Loss) from Discontinued Operations:** | | | | | |
| Automotive Aftermarket | **$ 58** | $ 6 | $ 52 | $ 64 | $ (12) |
| Engine Management | **(7)** | 54 | (61) | 24 | (85) |
| Tekonsha/ Bargman | | (4) | 4 | — | 4 |
| Weatherhead AAG | **—** | 1 | (1) | (1) | |
| AAG business segment | **51** | 57 | (6) | 87 | (93) |
| FTE (ASG business segment) | **—** | 38 | 38 | 22 | 16 |
| Boston Weatherhead (EFMG business segment) | **(1)** | (17) | 16 | 14 | 2 |
| AEC | **—** | 3 | (3) | — | (3) |
| Other | **(3)** | 10 | (13) | 2 | (15) |
| Other business segment | **(3)** | 13 | (16) | 2 | (18) |
| Total Discontinued Operations | **$ 47** | $ 15 | $ 32 | $125 | $ (93) |

The Automotive Aftermarket business component's net sales were nearly unchanged in 2003 when compared to 2002. The aftermarket as a whole grew modestly in 2003 on a retail level; however, this did not translate into an increase for our aftermarket business as the growth was satisfied out of excess inventory in the distribution chain. The Automotive Aftermarket business component's sales in 2002 and 2001 were also essentially flat for the same reason.

Engine Management's sales in 2003 were substantially below 2002 sales because of the June 2003 sale of this business component to Standard Motor Products. Engine Management's sales in 2002 compared to 2001 were essentially the same. The Engine Management business component also serves the automotive aftermarket and was also affected by excess inventory in the distribution chain

Income from discontinued operations relating to the Automotive Aftermarket business component increased in 2003 compared to 2002 despite flat sales. The increase is attributable to a significant reduction in restructuring charges in 2003 when compared to 2002. The Automotive Aftermarket business component returned to profitability in 2002 after a loss in 2001 as it began to benefit from the restructuring actions that were completed during 2001 and 2002 and lower selling, general and administrative expenses. Restructuring expenses plus related amounts charged to cost of sales totaled $63 in 2002 and $61 in 2001. Gross margin for the Automotive Aftermarket business component was 17.7% in 2003, 19.2% in 2002 and 15.8% in 2001. The low gross margin in 2001 was partially due to restructuring related costs charged to cost of sales for impairment charges taken on inventory of discontinued product lines. In addition, the 2001 loss was impacted by a tax provision that was $10 in excess of the statutory rate.

Engine Management’s loss in 2002 included a pre-tax charge of $38 ($23 after tax) in connection with the agreement to sell this business component. Excluding this charge, loss from discontinued operations decreased significantly in both 2003 and 2002. The operating improvement in both years is attributable in large measure to the effects of restructuring actions taken to consolidate manufacturing operations and distribution facilities. As a result of these actions, the loss per net sale dollar decreased from 30.4% in 2001 to 4.9% in 2003.

The increase in income from discontinued operations relating to FTE in 2002 compared to 2001 is attributable to the $25 gain on the sale of FTE.

### Forward-Looking Information

Forward-looking statements in this report are indicated by words such as “anticipates,” “expects,” “believes,” “intends,” “plans,” “estimates,” “projects” and similar expressions. These statements represent our expectations based on current information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Our actual results could differ materially from those which are anticipated or projected due to a number of factors. These factors include national and international economic conditions; adverse effects from terrorism or hostilities; the strength of other currencies relative to the U.S. dollar; the cyclical nature of the global vehicular industry; the performance of the global aftermarket sector; changes in business relationships with our major customers and in the timing, size and continuation of our customers’ programs; the ability of our customers and suppliers to achieve their projected sales and production levels; competitive pressures on our sales and pricing; increases in production or material costs (including that of steel) that cannot be recouped in product pricing; our ability to complete the divestiture of substantially all of our Automotive Aftermarket Group as contemplated; our success in completing our restructuring activities; the continued success of our cost reduction and cash management programs and of our long-term transformation strategy for the company; and other factors set out elsewhere in this report, including those discussed under the captions *Financing Activities* and *Contingencies* within Liquidity and Capital Resources.

## Item 7A —*Quantitative and Qualitative Disclosures About Market Risk*

You can find market risk information in “Financial Instruments,” “Derivative Financial Instruments” and “Cash and Cash Equivalents” under “Note 1. Summary of Significant Accounting Policies” on page 42 in “Note 10. Interest Rate Agreements” on page 55 in “Note 17. Fair Value of Financial Instruments” on page 68 of this annual report on Form 10-K and in “Liquidity and Capital Resources” under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” above.

## Item 8 — *Financial Statements and Supplementary Data*

### Management Statement

This year, as we have done for more than twenty years in our annual report, we acknowledge management's responsibility for the preparation of Dana's financial statements in accordance with generally accepted accounting principles, and confirm that Dana management fully accepts responsibility for the accuracy and transparency of our financial statements and related information.

We believe that the establishment and maintenance of an effective system of internal controls is an important element in ensuring that our statements are properly prepared and presented. To that end, we have in place and continually evaluate controls and processes that are designed to ensure that all disclosures, financial and non-financial, are appropriately made.

In 2003, Dana revised its Standards of Business Conduct in accordance with our normal review cycle. Our Standards of Business Conduct are published in fourteen languages and identify explicit ethical standards expected of all Dana employees, regardless of position within the company or the country in which they work. All Dana employees are held accountable for compliance with these Standards. Dana employees and third parties with concerns about compliance with these Standards are encouraged to raise these concerns via our multilingual telephonic or electronic helplines or in writing to the Audit Committee of our Board of Directors.

Another component of effective corporate governance and internal control is the presence of an active, independent Audit Committee. Dana's Audit Committee is composed of independent, outside directors and meets regularly with management, our internal auditors and our independent auditors to review accounting, auditing and financial matters. The Committee and the independent auditors have free access to each other with or without management being present.

During 2004, to comply with new regulations, we expect to complete our review and testing of our internal controls and to provide a formal assessment regarding their effectiveness, which will be reviewed and opined on by our independent auditors. We embrace these new requirements and intend to seize the opportunity to further strengthen our internal controls and processes.

At Dana, we have always placed a premium on honesty and integrity and, while we will comply with any and all pertinent changes in the regulatory environment, we believe this only adds formality to what Dana management has long accepted as part of our basic responsibilities to the company and our shareholders.

Robert C. Richter
Vice President and
Chief Financial Officer

**Report of Independent Auditors**

To the Board of Directors and Shareholders of Dana Corporation

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1), present fairly, in all material respects, the financial position of Dana Corporation and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Notes 1, 6 and 21 to the consolidated financial statements, the Company changed its method of accounting for goodwill and its method of accounting for discontinued operations effective January 1, 2002.

PricewaterhouseCoopers LLP
Toledo, Ohio
February 9, 2004

## Consolidated Statement of Income

## In millions, except per share amounts

| | Year Ended December 31 | | |
|---|---|---|---|
| | **2003** | 2002 | **2001** |
| **Net sales** | **$7,918** | $7,501 | $7,480 |
| Revenue from lease financing | **46** | 85 | 115 |
| Other income, net | **103** | 103 | 81 |
| | **8,067** | 7,689 | 7,676 |
| Costs and expenses | | | |
| Cost of sales | **7,245** | 6,804 | 6,844 |
| Selling, general and administrative expenses | **520** | 582 | 600 |
| Restructuring charges | | 158 | 276 |
| Interest expense | **221** | 259 | 304 |
| | **7,986** | 7,803 | 8,024 |
| Income (loss) before income taxes | **81** | (114) | (348) |
| Income tax benefit | **49** | 78 | 118 |
| Minority interest | **(7)** | (13) | (7) |
| Equity in earnings of affiliates | **52** | 55 | 32 |
| Income (loss) from continuing operations | **175** | 6 | (205) |
| Income (loss) from discontinued operations before income taxes | **80** | 73 | (136) |
| Income tax benefit (expense) of discontinued operations | **(33)** | (41) | 43 |
| Income (loss) from discontinued operations | **47** | 32 | (93) |
| Income (loss) before effect of change in accounting | **222** | 38 | (298) |
| Effect of change in accounting | | (220) | |
| **Net income (loss)** | **$ 222** | $ (182) | $ (298) |
| **Basic earnings (loss) per common share** | | | |
| Income (loss) from continuing operations before effect of change in accounting | **$ 1.17** | $ 0.04 | $ (1.38) |
| Income (loss) from discontinued operations | **0.32** | 0.22 | (0.63) |
| Effect of change in accounting | | (1.49) | |
| Net income (loss) | **$ 1.49** | $ (1.23) | $ (2.01) |
| **Diluted earnings (loss) per common share** | | | |
| Income (loss) from continuing operations before effect of change in accounting | **$ 1.17** | $ 0.04 | $ (1.38) |
| Income (loss) from discontinued operations | **0.32** | 0.22 | (0.63) |
| Effect of change in accounting | | (1.48) | |
| Net income (loss) | **$ 1.49** | $ (1.22) | $ (2.01) |
| **Cash dividends declared and paid per common share** | **$ 0.09** | $ 0.04 | $ 0.94 |
| **Average shares outstanding — Basic** | **148** | 148 | 148 |
| **Average shares outstanding — Diluted** | **149** | 149 | 148 |

The accompanying notes are an integral part of the consolidated financial statements. The amounts reported above for 2002 and 2001 have been reclassified to reflect our discontinued operations.

## Consolidated Balance Sheet

## In millions, except par value

| | December 31 | |
|---|---|---|
| | **2003** | 2002 |
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | **$ 731** | $ 571 |
| Accounts receivable | | |
| Trade, less allowance for doubtful accounts of $38 — 2003 and $40 — 2002 | **1,048** | 1,348 |
| Other | **326** | 320 |
| Inventories | **743** | 1,116 |
| Assets of discontinued operations | **1,254** | 177 |
| Other current assets | **431** | 586 |
| Total current assets | **4,533** | 4,118 |
| Goodwill, net | **558** | 568 |
| Investments and other assets | **1,694** | 1,484 |
| Investments in leases | **622** | 827 |
| Property, plant and equipment, net | **2,210** | 2,556 |
| Total assets | **$9,617** | $ 9,553 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities | | |
| Notes payable, including current portion of long-term debt | **$ 493** | $ 287 |
| Accounts payable | **1,076** | 1,004 |
| Accrued payroll and employee benefits | **399** | 467 |
| Liabilities of discontinued operations | **307** | 68 |
| Other accrued liabilities | **529** | 734 |
| Taxes on income | **161** | 264 |
| Total current liabilities | **2,965** | 2,824 |
| Deferred employee benefits and other noncurrent liabilities | **1,901** | 1,925 |
| Long-term debt | **2,605** | 3,215 |
| Minority interest in consolidated subsidiaries | **96** | 107 |
| Total liabilities | **7,567** | 8,071 |
| Shareholders' equity | | |
| Common stock, $1 par value, shares authorized, 350; shares issued, 149 — 2003 and 2002 | **149** | 149 |
| Additional paid-in capital | **171** | 170 |
| Retained earnings | **2,491** | 2,283 |
| Accumulated other comprehensive loss | **(761)** | (1,120) |
| Total shareholders' equity | **2,050** | 1,482 |
| Total liabilities and shareholders' equity | **$9,617** | $ 9,553 |

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

Table of Contents

## Consolidated Statement of Cash Flows

## In millions

| | Year ended December 31 | | |
|---|---|---|---|
| | **2003** | 2002 | **2001** |
| Net cash flows from operating activities | **$ 335** | $ 521 | $ 639 |
| Cash flows from investing activities: | | | |
| Purchases of property, plant and equipment | **(305)** | (375) | (425) |
| Purchases of assets to be leased | | (2) | (50) |
| Acquisitions | | (31) | (21) |
| Divestitures | **145** | 506 | 236 |
| Changes in investments and other assets | **57** | 17 | 1 |
| Loans made to customers and partnerships | | (11) | (68) |
| Payments received on leases | **26** | 39 | 48 |
| Proceeds from sales of leasing subsidiary assets | **193** | 248 | 60 |
| Proceeds from sales of other assets | **89** | 101 | 132 |
| Payments received on loans | **14** | 31 | 180 |
| Other | **(10)** | 2 | (14) |
| Net cash flows — investing activities | **209** | 525 | 79 |
| Cash flows from financing activities: | | | |
| Net change in short-term debt | **(113)** | (556) | (888) |
| Issuance of long-term debt | | 285 | 847 |
| Payments on and repurchases of long-term debt | **(272)** | (467) | (501) |
| Dividends paid | **(14)** | (6) | (140) |
| Other | **17** | 72 | (16) |
| Net cash flows — financing activities | **(382)** | (672) | (698) |
| Net increase in cash and cash equivalents | **162** | 374 | 20 |
| Net change in cash of discontinued operations | **(2)** | (2) | |
| Cash and cash equivalents — beginning of year | **571** | 199 | 179 |
| Cash and cash equivalents — end of year | **$ 731** | $ 571 | $ 199 |
| Reconciliation of net income (loss) to net cash flows from operating activities: | | | |
| Net income (loss) | **$ 222** | $(182) | $(298) |
| Depreciation and amortization | **394** | 478 | 548 |
| Deferred income taxes | **(35)** | (135) | (116) |
| Unremitted earnings of affiliates | **(49)** | (43) | 4 |
| Gains on divestitures, asset sales and note repurchases | **(47)** | (53) | (10) |
| Minority interest | **9** | 5 | 4 |
| Effect of change in accounting | | 220 | |
| Asset impairment | **21** | 114 | 206 |
| Change in accounts receivable | **(116)** | (52) | 137 |
| Change in inventories | **5** | 3 | 166 |
| Change in other operating assets | **(42)** | 68 | (31) |
| Change in operating liabilities | **(4)** | 176 | 78 |
| Other | **(23)** | (78) | (49) |
| Net cash flows from operating activities | **$ 335** | $ 521 | $ 639 |

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

## Consolidated Statement of Shareholders' Equity

## In millions

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss): Foreign Currency Translation | Minimum Pension Liability | Net Unrealized Gain (Loss) | Shareholders' Equity |
|---|---|---|---|---|---|---|---|
| Balance, December 31, 2000 | $148 | $159 | $2,909 | $(568) | $ (23) | $ 3 | $2,628 |
| Comprehensive income: | | | | | | | |
| Net loss for 2001 | | | (298) | | | | |
| Foreign currency translation | | | | (152) | | | |
| Minimum pension liability | | | | | (80) | | |
| Unrealized loss | | | | | | (5) | |
| Total comprehensive loss | | | | | | | (535) |
| Cash dividends declared | | | (140) | | | | (140) |
| Issuance of shares for director and employee stock plans, net | 1 | 4 | | | | | 5 |
| Balance, December 31, 2001 | 149 | 163 | 2,471 | (720) | (103) | (2) | 1,958 |
| Comprehensive income: | | | | | | | |
| Net loss for 2002 | | | (182) | | | | |
| Foreign currency translation | | | | (53) | | | |
| Minimum pension liability | | | | | (242) | | |
| Total comprehensive loss | | | | | | | (477) |
| Cash dividends declared | | | (6) | | | | (6) |
| Issuance of shares for director and employee stock plans, net | | 7 | | | | | 7 |
| Balance, December 31, 2002 | 149 | 170 | 2,283 | (773) | (345) | (2) | 1,482 |
| **Comprehensive income:** | | | | | | | |
| **Net income for 2003** | | | **222** | | | | |
| **Foreign currency translation** | | | | **295** | | | |
| **Minimum pension liability** | | | | | **62** | | |
| **Reclassification adjustment** | | | | | | **2** | |
| **Total comprehensive income** | | | | | | | **581** |
| **Cash dividends declared** | | | **(14)** | | | | **(14)** |
| **Issuance of shares for director and employee stock plans, net** | | **1** | | | | | **1** |
| **Balance, December 31, 2003** | **$149** | **$171** | **$2,491** | **$(478)** | **$(283)** | **$ —** | **$2,050** |

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

**Notes to Consolidated Financial Statements**

**In millions, except share and per share amounts**

## Note 1. Summary of Significant Accounting Policies

Dana is a global leader in the engineering, manufacturing and distribution of systems and components for worldwide vehicular manufacturers and the related aftermarkets and has been a provider of lease financing services in selected markets through its wholly-owned subsidiary, Dana Credit Corporation (DCC).

The preparation of these consolidated financial statements requires estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Some of the more significant estimates include valuation of deferred tax assets and inventories; sales returns, restructuring, environmental, product liability and warranty accruals; valuation of postemployment and postretirement benefits; depreciation and amortization of long-lived assets; residual values of leased assets and allowances for doubtful accounts. Actual results could differ from those estimates.

The following summary of significant accounting policies should help you evaluate the consolidated financial statements.

### Principles of Consolidation

The consolidated financial statements include all subsidiaries in which we have the ability to control operating and financial policies. Affiliated companies (20% to 50% ownership) are generally recorded in the statements using the equity method of accounting, as are certain investments in partnerships and limited liability companies in which we may have an ownership interest of less than 20%. Operations of affiliates accounted for under the equity method of accounting are generally included for periods ended within one month of our year end. Other less-than-20%-owned companies are included in the financial statements at the cost of our investment. Dividends, royalties and fees from these cost basis affiliates are recorded in income when received.

### Discontinued Operations

We adopted Statement of Financial Accounting Standards (SFAS) No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” in 2002. Under the requirements of SFAS No. 144, we classify a business component that either has been disposed of or is classified as held for sale as a discontinued operation if the cash flow of the component has been or will be eliminated from the ongoing operations of Dana and Dana will no longer have any significant continuing involvement in the component. The results of operations of our discontinued operations through the date of sale, including any gains or losses on disposition, are aggregated and presented on two lines in the income statement. Based on the classification of several business components as discontinued operations in 2003 and 2002, amounts presented for prior years in the income statement have been reclassified.

With respect to the consolidated balance sheet, the assets and liabilities relating to the discontinued operations are aggregated and reported separately as assets and liabilities of discontinued operations following the decision to dispose of the component. In the consolidated statement of cash flows, the cash flows of discontinued operations are not reclassified.

See Note 21 for additional information regarding our discontinued operations.

### Foreign Currency Translation

The financial statements of subsidiaries and equity affiliates outside the United States (U.S.) located in non-highly inflationary economies are measured using the currency of the primary economic environment in which they operate as the functional currency, which for the most part is the local currency. Transaction gains and losses which result from translating assets and liabilities of these entities into the functional currency are included in net earnings. Other income includes transaction gains of $3 in 2003, $19 in 2002

and $8 in 2001. When translating into U.S. dollars, income and expense items are translated at average monthly rates of exchange and assets and liabilities are translated at the rates of exchange at the balance sheet date. Translation adjustments resulting from translating the functional currency into U.S. dollars are deferred as a component of accumulated other comprehensive income in shareholders' equity. For affiliates operating in highly inflationary economies, non-monetary assets are translated into U.S. dollars at historical exchange rates and monetary assets are translated at current exchange rates. Translation adjustments for these affiliates are included in net earnings.

**Inventories**

Inventories are valued at the lower of cost or market. Cost is generally determined on the last-in, first-out (LIFO) basis for U.S. inventories and on the first-in, first-out (FIFO) or average cost basis for non-U.S. inventories.

**Goodwill**

Prior to 2002, we amortized goodwill over the periods of expected benefit ranging from 10 to 40 years. As of January 1, 2002, we adopted the new accounting pronouncement related to goodwill (see Note 6). In lieu of amortization, we test goodwill for impairment on an annual basis, unless conditions arise that would require a more frequent evaluation. In assessing the recoverability of goodwill, projections regarding estimated future cash flows and other factors are made to determine the fair value of the respective assets. If these estimates or related projections change in the future, we may be required to record impairment charges for goodwill at that time.

**Pre-Production Costs Related to Long-Term Supply Arrangements**

The costs of tooling used to make products sold under long-term supply arrangements are capitalized as part of property, plant and equipment and amortized over their useful lives if we own the tooling. These costs are also capitalized and amortized if we fund the purchase but our customer owns the tooling and grants us the noncancelable right to use the tooling over the contract period. Costs incurred in connection with the design and development of tooling that will be billed to customers upon completion are carried as a component of other accounts receivable. Design and development costs related to customer products are deferred if we have an agreement to collect such costs from the customer; otherwise, they are expensed when incurred.

**Lease Financing**

Lease financing consists of direct financing leases, leveraged leases and equipment on operating leases. Income on direct financing leases is recognized by a method which produces a constant periodic rate of return on the outstanding investment in the lease. Income on leveraged leases is recognized by a method which produces a constant rate of return on the outstanding net investment in the lease, net of the related deferred tax liability, in the years in which the net investment is positive. Initial direct costs are deferred and amortized using the interest method over the lease period. Equipment under operating leases is recorded at cost, net of accumulated depreciation. Income from operating leases is recognized ratably over the term of the leases.

**Allowance for Losses on Lease Financing**

Provisions for losses on lease financing receivables are determined based on loss experience and assessment of inherent risk. Adjustments are made to the allowance for losses to adjust the net investment in lease financing to an estimated collectible amount. Income recognition is generally discontinued on accounts which are contractually past due and where no payment activity has occurred within 120 days. Accounts are charged against the allowance for losses when determined to be uncollectible. Accounts where asset repossession has started as the primary means of recovery are classified within other assets at their estimated realizable value.

**Properties and Depreciation**

Property, plant and equipment are valued at historical costs. Depreciation is recognized over the estimated useful lives using primarily the straight-line method for financial reporting purposes and accelerated depreciation methods for federal income tax purposes. Long-lived assets are reviewed for impairment and where appropriate are adjusted to fair market value less cost to sell. Useful lives for buildings and building improvements, machinery and equipment, tooling, and office equipment, furniture and fixtures principally range from twenty to thirty years, five to ten years, three to five years and three to ten years, respectively.

**Revenue Recognition**

Sales are recognized when products are shipped and risk of loss has transferred to the customer. We accrue for warranty costs, sales returns and other allowances, based on experience and other relevant factors, when sales are recognized. Adjustments are made as new information becomes available. Shipping and handling fees billed to customers are included in sales and the costs of shipping and handling are included in cost of sales.

**Income Taxes**

Current tax liabilities and assets are recognized for the estimated taxes payable or refundable on the tax returns for the current year. Deferred tax balances reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax bases. Amounts are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. Deferred tax assets are reduced, if necessary, by the amount of any tax benefits not expected to be realized.

The “flow-through” method of accounting is used for investment tax credits, except for investment tax credits arising from leveraged leases and certain direct financing leases for which the deferred method is used for financial statement purposes.

**Financial Instruments**

The reported fair values of financial instruments are based on a variety of factors. Where available, fair values represent quoted market prices for identical or comparable instruments. Where quoted market prices are not available, fair values are estimated based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of credit risk. Fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future.

**Derivative Financial Instruments**

We enter into forward exchange contracts to hedge our exposure to the effects of currency fluctuations on a portion of our projected sales and purchase commitments. The changes in the fair value of these contracts are recorded in cost of sales and are generally offset by exchange gains or losses on the underlying exposures. We also use interest rate swaps to manage exposure to fluctuations in interest rates and to balance the mix of our fixed and floating rate debt. We do not use derivatives for trading or speculative purposes.

We follow Statement of Financial Accounting Standards (SFAS) No. 133, “Accounting for Derivative Instruments and Hedging Activities,” and SFAS No. 138, “Accounting for Certain Derivative Instruments and Certain Hedging Transactions.” These Statements require, among other things, that all derivative instruments be recognized on the balance sheet at fair value. Interest rate swap agreements have been formally designated as hedges. The effect of marking these contracts to market has been recorded as a direct adjustment of the underlying debt for those contracts designated as fair value hedges and as an adjustment of other comprehensive income for those contracts designated as cash flow hedges. Foreign currency forwards and other derivatives have not been designated as hedges and the effect of marking

these instruments to market has been recognized in the results of operations. We will evaluate these transactions from time to time to determine whether they should be designated as hedges.

**Environmental Compliance and Remediation**

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to existing conditions caused by past operations which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Estimated costs are based upon current laws and regulations, existing technology and the most probable method of remediation. The costs are not discounted and exclude the effects of inflation. If the cost estimates result in a range of equally probable amounts, the lower end of the range is accrued.

**Pension Plans**

Annual net periodic pension costs under defined benefit pension plans are determined on an actuarial basis. Our policy is to fund these costs through deposits with trustees in accordance with applicable funding regulations. Benefits are determined based upon employees' length of service, wages or a combination of length of service and wages.

**Postretirement Benefits Other Than Pensions**

Annual net postretirement benefits expense under the defined benefit plans and the related liabilities are determined on an actuarial basis. Our policy is to fund these benefits as they become due. Benefits are determined primarily based upon employees' length of service and include applicable employee cost sharing.

**Postemployment Benefits**

Annual net postemployment benefits expense under our benefit plans and the related liabilities are accrued as service is rendered for those obligations that accumulate or vest and can be reasonably estimated. Obligations that do not accumulate or vest are recorded when payment of the benefits is probable and the amounts can be reasonably estimated.

**Statement of Cash Flows**

For purposes of reporting cash flows, we consider highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Cash and Cash Equivalents**

Our marketable securities satisfy the criteria for cash equivalents and are classified accordingly. At December 31, 2003, we maintained cash deposits of $195 primarily in support of letters of credit and surety bonds that are used principally for the purposes of meeting various states' requirements in order to self-insure our workers' compensation obligations and providing credit enhancement of certain lease agreements. These financial instruments are expected to be renewed each year. A total of $98 of the deposits may not be withdrawn.

**Stock-Based Compensation**

Stock-based compensation is accounted for using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. No compensation expense is recorded for stock options when granted, as option prices have historically been set at the market value of the underlying stock. The following table presents stock compensation

expense included in our financial statements under the intrinsic value method and the pro forma expense that would have been recorded under the fair value method.

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2003** | 2002 | 2001 |
| Stock compensation expense, as reported | **$ 2** | $ 3 | $ 4 |
| Stock option expense, pro forma | **14** | 17 | 16 |
| Stock compensation expense, pro forma | **$ 16** | $ 20 | $ 20 |
| Net income (loss), as reported | **$ 222** | $ (182) | $ (298) |
| Net income (loss), pro forma | **$ 208** | $ (199) | $ (314) |
| Basic earnings per share | | | |
| Net income (loss), as reported | **$1.49** | $(1.23) | $(2.01) |
| Net income (loss), pro forma | **$1.40** | $(1.34) | $(2.12) |
| Diluted earnings per share | | | |
| Net income (loss), as reported | **$1.49** | $(1.22) | $(2.01) |
| Net income (loss), pro forma | **$1.40** | $(1.33) | $(2.12) |

### New Accounting Pronouncements

In November 2002, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.” FIN No. 45 clarifies disclosures that are required to be made for certain guarantees and establishes a requirement to record a liability at fair value for certain guarantees at the time of the guarantee’s issuance. The disclosure requirements of FIN No. 45, including those relating to warranty obligations, were first applied in our 2002 financial statements. The requirement to record a liability related to guarantees issued or modified after December 31, 2002 was adopted on January 1, 2003. The adoption of this portion of the interpretation did not have a material effect on our financial condition or results of operations.

In January 2003, the FASB issued FIN No. 46, “Consolidation of Variable Interest Entities, an Interpretation of ARB 51”. In December 2003, the FASB revised FIN No. 46 to reflect decisions it made regarding a number of implementation issues. FIN No. 46, as revised, requires that the primary beneficiary of a variable interest entity (VIE) consolidate the entity even if the primary beneficiary does not have a majority voting interest. This Interpretation applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. This Interpretation also identifies those situations where a controlling financial interest may be achieved through arrangements that do not involve voting interests. The Interpretation also establishes additional disclosures which are required regarding an enterprise’s involvement with a VIE when it is not the primary beneficiary. The requirements of this Interpretation are required to be applied to any VIE created after January 31, 2003. We adopted the requirements of this Interpretation with respect to all VIEs created on or before January 31, 2003 as of December 31, 2003. The adoption of this Interpretation did not have a material effect on our financial condition or results of operations. See Note 7 for information regarding our involvement with VIEs.

In June 2001, the FASB issued SFAS No. 143, “Accounting for Asset Retirement Obligations.” SFAS No. 143 addresses accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. The Statement requires the recognition of the fair value of the legal obligation associated with the retirement of long-lived assets at the time the obligation is probable and estimable. We implemented SFAS No. 143 on January 1, 2003. The implementation of SFAS No. 143 did not have a material effect on our financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities.” This Statement modifies the accounting for exit or disposal costs required by Emerging Issues

Task Force Issue No. 94-3. Under Issue No. 94-3, a liability for exit costs was recognized at the date the entity committed itself to an exit plan. Under SFAS No. 146, a liability for exit costs is not recognized until the liability is incurred. We adopted this Statement on January 1, 2003. The implementation of this Statement did not have a material effect on our financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 generally requires that instruments that have characteristics of both a liability and equity be classified as a liability. SFAS No. 150 specifies that three categories of freestanding financial instruments (mandatorily redeemable instruments, obligations to repurchase an entity's equity shares by transferring assets and certain obligations to issue a variable number of equity shares) be classified as liabilities or, in certain instances, as assets. The provisions of this Statement became effective for Dana during the quarter ended September 30, 2003. The adoption of this statement did not have any impact on the accounting for our financial instruments.

In December 2003, the FASB issued SFAS No. 132R, "Employers' Disclosure about Pensions and Other Postretirement Benefits." SFAS No. 132R requires additional disclosures about defined benefit pension plans and other postretirement benefit plans. The standard requires, among other things, additional disclosures about the assets held in employer sponsored pension plans, disclosures relating to plan asset investment policy and practices, disclosure of expected contributions to be made to the plans and expected benefit payments to be made by the plans. Annual disclosures applicable to our U.S. pension and postretirement plans are required to be made in our financial statements for the year ended December 31, 2003. Annual disclosures relating to our non-U.S. plans will be required for the year ending December 31, 2004. We have adopted this pronouncement as of December 31, 2003 for all of our U.S. plans. See Note 14 to our consolidated financial statements for the required disclosures.

**Note 2. Preferred Share Purchase Rights**

Pursuant to our Rights Agreement dated as of April 25, 1996, as amended, with The Bank of New York, as Rights Agent, we have a preferred share purchase rights plan which is designed to deter coercive or unfair takeover tactics. One right has been issued on each share of our common stock outstanding on and after July 25, 1996. Under certain circumstances, the holder of each right may purchase 1/1000th of a share of our Series A Junior Participating Preferred Stock, no par value, for the exercise price of $110 (subject to adjustment as provided in the Plan). The rights have no voting privileges and will expire on July 15, 2006, unless exercised, redeemed or exchanged sooner.

Generally, the rights cannot be exercised or transferred apart from the shares to which they are attached. However, if any person or group acquires (or commences a tender offer that would result in acquiring) 15% or more of our outstanding common stock, the rights not held by the acquirer will become exercisable unless our Board of Directors postpones their distribution date. In that event, instead of purchasing 1/1000th of a share of the Participating Preferred Stock, the holder of each right may elect to purchase from us the number of shares of our common stock that have a market value of twice the right's exercise price (in effect, a 50% discount on our stock). Thereafter, if we merge with or sell 50% or more of our assets or earnings power to the acquirer or engage in similar transactions, any rights not previously exercised (except those held by the acquirer) can also be exercised. In that event, the holder of each right may elect to purchase from the acquiring company the number of shares of its common stock that have a market value of twice the right's exercise price (in effect, a 50% discount on the acquirer's stock).

Our Board may authorize the redemption of the rights at a price of $.01 each before anyone acquires 15% or more of our common shares. After that, and before the acquirer owns 50% of our outstanding shares, the Board may authorize the exchange of each right (except those held by the acquirer) for one share of our common stock.

**Note 3. Preferred Shares**

There are 5,000,000 shares of preferred stock authorized, without par value, including 1,000,000 shares reserved for issuance under the Rights Plan. No shares of preferred stock have been issued.

**Note 4. Common Shares**

Common stock transactions in the last three years are as follows:

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| Shares outstanding at beginning of year | **148,557,994** | 148,530,464 | 147,877,034 |
| Issued for equity compensation plans, net of forfeitures | **69,207** | 27,530 | 664,430 |
| Repurchased under stock plans | | | (11,000) |
| Shares outstanding at end of year | **148,627,201** | 148,557,994 | 148,530,464 |

Certain of our employee and director stock plans provide that participants may tender stock to satisfy the purchase price of the shares, the income taxes required to be withheld on the transaction, or both. Shares may only be tendered if held by the participant for a period of more than six months. In connection with these stock plans, we repurchased 11,000 shares in 2001; no shares were repurchased in 2002 or 2003.

The following table reconciles the average shares outstanding used in determining basic earnings per share to the number of shares used in the diluted earnings per share calculation:

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| Average shares outstanding for the year — basic | **148,207,482** | 148,124,866 | 147,857,278 |
| Plus: Incremental shares from: | | | |
| Deferred compensation units | **316,649** | 579,509 | 608,757 |
| Restricted stock | **136,263** | 86,252 | 27,765 |
| Stock options | **230,990** | 51,071 | 2,371 |
| Potentially dilutive shares | **683,902** | 716,832 | 638,893 |
| Average shares outstanding for the year — diluted | **148,891,384** | 148,841,698 | 148,496,171 |

A loss from continuing operations causes dilutive shares to have an antidilutive effect, so the potentially dilutive shares have been disregarded in calculating diluted earnings per share for the year ended December 31, 2001. Diluted earnings per share is presented for the year ended December 31, 2002 because we reported income from continuing operations.

**Note 5. Inventories**

The components of inventory are as follows:

| | December 31 | |
|---|---|---|
| | 2003 | 2002 |
| Raw materials | **$293** | $ 369 |
| Work in process and finished goods | **450** | 747 |
| | **$743** | $1,116 |

Inventories amounting to $396 and $701 at December 31, 2003 and 2002, respectively, were valued using the LIFO method. If all inventories were valued at replacement cost, inventories would be increased by $91 and $104 at December 31, 2003 and 2002, respectively. The decline includes $12 of the LIFO reserve that was reclassified to assets of discontinued operations.

**Note 6. Goodwill**

In connection with the adoption of SFAS No. 142, “Goodwill and Other Intangible Assets,” we discontinued the amortization of goodwill as of January 1, 2002. In lieu of amortization, we tested goodwill for impairment as of the date of adoption and again in 2003; we will test for impairment at least annually in

the future. Our initial impairment test indicated that the carrying amounts of some of our reporting units exceeded the corresponding fair values, which were determined based on the discounted estimated future cash flows of the reporting units. The implied fair value of goodwill in these reporting units was then determined through the allocation of the fair values to the underlying assets and liabilities. The January 1, 2002 carrying amounts of the goodwill in these reporting units exceeded its implied fair value by $289. The $289 write-down of goodwill to its fair value as of January 1, 2002, net of $69 of related tax benefits, has been reported in 2002 as the effect of a change in accounting in the accompanying financial statements. The goodwill included in the consolidated balance sheet as of December 31, 2001, which included the $289 described above, was supported by the undiscounted estimated future cash flows of the related operations.

Changes in goodwill during the years ended December 31, 2003 and 2002, by operating segment, are presented in the following table.

| | Balance at December 31, 2002 | Discontinued Operations Effect | Effect of Currency and Other | Balance at December 31, 2003 |
|---|---|---|---|---|
| Automotive Systems Group | $184 | | $ 13 | **$197** |
| Automotive Aftermarket Group | 30 | $(32) | 2 | |
| Engine and Fluid Management Group | 236 | | | **236** |
| Heavy Vehicle Technology & Systems Group | 118 | | 7 | **125** |
| | $568 | $(32) | $ 22 | **$558** |

| | Balance at December 31, 2001 | Effect of Adopting SFAS 142 | Effect of Currency and Other | Balance at December 31, 2002 |
|---|---|---|---|---|
| Automotive Systems Group | $185 | $ (12) | $ 11 | $184 |
| Automotive Aftermarket Group | 112 | (79) | (3) | 30 |
| Engine and Fluid Management Group | 423 | (189) | 2 | 236 |
| Heavy Vehicle Technology & Systems Group | 121 | (9) | 6 | 118 |
| | $841 | $(289) | $ 16 | $568 |

SFAS No. 142 does not provide for restatement of our results of operations for periods ended prior to January 1, 2002. The following table reconciles the reported net results for the year ended December 31,

2001 to the results that would have been reported if the guidance contained in SFAS No. 142 had been adopted prior to 2001.

| | 2001 |
|---|---|
| Loss from continuing operations | $ (205) |
| Loss from discontinued operations | (93) |
| Goodwill amortization | 38 |
| Income taxes | (6) |
| Adjusted net loss | $ (266) |
| Earnings per share — Basic | |
| Loss from continuing operations | $(1.38) |
| Loss from discontinued operations | (0.63) |
| Goodwill amortization | 0.26 |
| Income taxes | (0.05) |
| Adjusted net loss | $(1.80) |
| Earnings per share — Diluted | |
| Loss from continuing operations | $(1.38) |
| Loss from discontinued operations | (0.63) |
| Goodwill amortization | 0.26 |
| Income taxes | (0.05) |
| Adjusted net loss | $(1.80) |

**Note 7. Investments in Equity Affiliates**

*Equity Affiliates*

At December 31, 2003, we had a number of investments in entities that engage in the manufacture of vehicular parts, primarily axles, driveshafts, engine hard parts, all wheel drive systems and transmissions, supplied to original equipment manufacturers. In addition, DCC had a number of investments in entities, primarily general and limited partnerships and limited liability companies that are largely special purpose entities engaged in financing transactions for the benefit of third parties.

The principal components of our investments in equity affiliates engaged in manufacturing activities (those with an investment balance exceeding $5) at December 31, 2003 follow.

| Investment | Ownership |
|---|---|
| Allied Ring Corporation | 50.0% |
| GETRAG Getriebe- und Zahnradfabrik Hermann Hagenmeyer GmbH & Cie | 30.0 |
| Getrag Corporation of North America | 49.0 |
| Promotora de Industrias Mecanicas, S.A. de C.V. | 49.0 |
| Spicer, S.A. de C.V. | 48.8 |
| Taiway Ltd. | 13.9 |

At December 31, 2003, the investment in the affiliates presented above was $570. Our aggregate investment at December 31, 2003 for all affiliates that engage in manufacturing activities was $586.

Summarized combined financial information for all of our equity affiliates engaged in manufacturing activities follows.

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| Statement of Income Information: | | | |
| Net sales | **$1,929** | $1,724 | $1,616 |
| Gross profit | **294** | 306 | 293 |
| Net income | **107** | 109 | 126 |
| Dana's share of net income | **32** | 32 | 23 |
| Financial Position Information: | | | |
| Current assets | **$ 802** | $ 668 | |
| Noncurrent assets | **1,255** | 994 | |
| Current liabilities | **559** | 423 | |
| Noncurrent liabilities | **587** | 464 | |
| Net worth | **911** | 774 | |
| Dana's share of net worth | **586** | 495 | |

At December 31, 2003, we had guaranteed $1 of short-term borrowings of a non-U.S. manufacturing affiliate accounted for under the equity method of accounting.

The principal components of DCC's investments in equity affiliates engaged in leasing and financing activities (those with an investment balance exceeding $20) at December 31, 2003 follow.

| Investment | Ownership |
|---|---|
| DCL Leasing Partners LP | 49.9% |
| Express Stop Financing | 50.0 |
| Indiantown Cogeneration LP | 15.0 |
| Pasco Cogen Ltd. | 50.1 |
| Provident Auto Leasing Investor LLC | 30.4 |
| Scrubgrass Generating Co. | 30.0 |
| Terabac Investors LP | 79.0 |
| Triumph Trust | 66.4 |

With the exception of Express Stop Financing, the DCC investments relate to special purpose entities as opposed to operating entities.

At December 31, 2003 the investment in the affiliated entities presented above was $298. Our aggregate investment at December 31, 2003 for all DCC affiliates that engage in financing activities was $388.

Summarized combined financial information of all of our equity affiliates engaged in lease financing activities follows.

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| Statement of Income Information: | | | |
| Lease finance and other revenue | **$ 164** | $ 146 | $170 |
| Net Income | **71** | 39 | (18) |
| DCC's share of net income | **31** | 34 | (1) |
| Financial Position Information: | | | |
| Lease financing and other assets | **$1,075** | $1,104 | |
| Total liabilities | **418** | 582 | |
| Net worth | **657** | 522 | |
| DCC's share of net worth | **388** | 371 | |

DCC has guaranteed portions of the borrowings of its affiliates that are accounted for under the equity method. DCC's aggregate exposure under one of the guarantees is $6. Under another guarantee, DCC's exposure for changes in interest rates resulting from specific events described in the financing arrangements would vary but should not exceed $32.

*Variable Interest Entities*

Included in the equity affiliates engaged in lease financing activities are certain affiliates that qualify as VIEs, where DCC is not the primary beneficiary. In addition, DCC has several leveraged lease investments that qualify as VIEs but are not required to be consolidated under FIN 46; accordingly, these leveraged leases have been "deconsolidated" and are now included with other investments in equity affiliates. Lastly, DCC has investments in a number of leveraged leases (through ownership interests in trusts) that qualify as VIEs that are required to be consolidated; accordingly, the classification of these leases in our financial statements has not changed. Following is summarized information relating to these investments as well as equity affiliates that qualify as VIEs:

| **Investment in Equity Afflilates** | |
|---|---|
| Lease financing assets | $ 609 |
| Total assets | $ 803 |
| Total liabilities | 169 |
| Total net worth | $ 634 |
| DCC's share of net worth | $ 264 |
| Revenue | $ 71 |
| Total expenses | 50 |
| Net income | $ 21 |
| DCC's share of net income | $ 13 |
| **Investment in Leveraged Leases** | |
| Total minimum lease payments | $1,443 |
| Residual values | 91 |
| Nonrecourse debt service | (994) |
| Unearned income | (196) |
| | 344 |
| Less — Deferred income taxes | (234) |
| Net investment in leveraged leases | $ 110 |
| DCC's ownership interest in leases | $ 56 |

The investment in equity affiliates that qualify as VIEs relate to investments in: power generation facilities, 12%; real estate, 24%; automotive lease portfolios, 16%; cruise ship, 25%; natural gas processing facilities, 8%; manufacturers, 7% and other, 8%.

The net investment in leveraged leases relate to entities that have leveraged leases in: power generation facilities, 62%; real estate, 10%; cargo ships, 12% and communication and other equipment, 16%. DCC has made loans to VIEs, including two loans with outstanding balances of $8 at December 31, 2003 to equity affiliates included in the table above. DCC also has three loans with an aggregate outstanding balance of $24 which it has made to VIEs in which DCC does not hold an equity interest. DCC's maximum exposure to loss from its investments in VIEs is limited to its share of the net worth of the VIEs, net investment in leveraged leases and outstanding balance of loans to VIEs, less any established reserves.

Dana has equity investments in three entities engaged in manufacturing activities that qualify as VIEs. These entities' assets, liabilities, revenue and net loss as of December 31, 2003 and for the year then ended are not material. Dana's total investment at risk in these VIEs at December 31, 2003 was $5.

**Note 8. Short-Term Debt and Credit Facilities**

Our accounts receivable securitization program, established in March 2001, provides up to $400 to meet our periodic demand for short-term financing. Under the program, certain of our divisions and subsidiaries either sell or contribute accounts receivable to Dana Asset Funding LLC (DAF), a special purpose entity. DAF funds its accounts receivable purchases by pledging the receivables as collateral for short-term loans from participating banks. Expenses incurred to establish the program are being amortized over five years, the contractual life of the program.

The securitized accounts receivable are owned in their entirety by DAF and are not available to satisfy claims of our creditors. However, we are entitled to any dividends paid by DAF and would be entitled to any proceeds from the liquidation of DAF's assets upon the termination of the securitization program and the dissolution of DAF. DAF's receivables are included in our consolidated financial statements solely because DAF does not meet certain technical accounting requirements for treatment as a "qualifying special purpose entity" under generally accepted accounting principles. Accordingly, the sales and contributions of the accounts receivable are eliminated in consolidation and any loans to DAF are reflected as short-term borrowings in our consolidated financial statements. The amounts available under the program are subject to reduction based on adverse changes in our credit ratings or those of our customers, customer concentration levels or certain characteristics of the underlying accounts receivable. This program is subject to possible termination by the lenders in the event our credit ratings are lowered below B1 by Moody's Investor Service (Moody's) and B+ by Standard & Poor's (S&P).

In February 2003, we cancelled a 364-day revolving credit facility of $100 and amended our long-term bank facility that matures on November 15, 2005. The long-term bank facility is used to provide liquidity back-up for the accounts receivable securitization program and was not drawn upon during 2003. This facility provides for borrowings of up to $400. The interest rates under the facility equal the London interbank offered rate (LIBOR) or bank prime, plus a spread that varies depending on our credit ratings. Advances under the facility that do not exceed $50 may be borrowed on an unsecured basis for up to five business days. Borrowings in excess of $50, any borrowings outstanding for more than five business days or any borrowings within a five-day period after repayment of all previous advances are not permitted until we provide certain inventory and other collateral, as permitted within the limits of our indentures. These provisions of the facility terminate if credit ratings reach Baa3 by Moody's and BBB- by S&P.

The amended long-term bank facility requires us to maintain specified financial ratios as of the end of each quarter, including the ratio of net senior debt to tangible net worth; the ratio of earnings before interest, taxes and depreciation and amortization (EBITDA) less capital spend to interest expense; and the ratio of net senior debt to EBITDA. Specifically, the ratios are: (i) net senior debt to tangible net worth of not more than 1.10:1 at December 31, 2003 and thereafter; (ii) EBITDA (as defined in the facility) minus capital expenditures to interest expense of not less than 1.90:1 at December 31, 2003, 2.25:1 at March 31, 2004 and 2.50:1 at June 30, 2004 and thereafter; and (iii) net senior debt to EBITDA of not greater than 2.90:1 at December 31, 2003 and 2.50:1 at March 31, 2004 and thereafter. The ratio calculations are based on the additional financial information which presents Dana's consolidated financial statements with DCC accounted for on an equity basis.

Dana, excluding DCC, had committed borrowing lines of $990 at December 31, 2003, all of which was available at that time. Dana, excluding DCC, had uncommitted borrowing lines of $325 at December 31, 2003, of which $24 had been borrowed by certain of our non-U.S. subsidiaries.

DCC had a committed long-term bank facility of $100 and no uncommitted borrowing lines at December 31, 2003. The facility was reduced in 2003 by two-thirds of net cash proceeds from sales of DCC assets after February 6, 2003. The facility was further reduced by the payment of a dividend to Dana. The facility may be reduced in 2004 for similar reasons and expires in June 2004. DCC had $30 borrowed against its long-term bank facility at December 31, 2003.

Because our financial performance is impacted by various economic, financial and industry factors, we may not be able to satisfy the covenants under these long-term bank facilities in the future. Noncompliance with these covenants would constitute an event of default, allowing the lenders to accelerate the repayment of any borrowings outstanding under the facilities. We believe that we would be able to successfully negotiate amended covenants or obtain waivers if an event of default were imminent; however, we might be required to provide additional collateral to the lenders or make other financial concessions. Default under these facilities may result in defaults under other debt instruments. Our business, results of operations and financial condition might be adversely affected if we were unable to successfully negotiate amended covenants or obtain waivers on acceptable terms.

Fees are paid to the banks for providing committed lines, but not for uncommitted lines. We paid fees of $5 in 2003 and $6 in 2002 in connection with our committed bank lines. Of such fees, $4 was amortized to expense in 2003 and $9 in 2002.

Selected details of consolidated short-term borrowings are as follows:

| | Amount | Weighted Average Interest Rate |
|---|---|---|
| **Balance at December 31, 2003** | **$ 54** | **2.5%** |
| **Average during 2003** | **307** | **1.8** |
| **Maximum during 2003 (month end)** | **397** | **2.2** |
| Balance at December 31, 2002 | $ 163 | 3.9% |
| Average during 2002 | 698 | 3.2 |
| Maximum during 2002 (month end) | 1,057 | 3.7 |

## Note 9. Long-Term Debt

Since 1998, we have issued various unsecured notes with maturities extending out as far as March 1, 2029. A default under these indentures may result in defaults under the long-term bank credit facilities or the accounts receivable securitization program.

During 2001, Dana issued $575 and €200 of 9% unsecured notes due August 15, 2011. During 2002, we issued $250 of 10.125% unsecured notes due March 15, 2010. The indenture agreements related to these notes place certain limits on the borrowings, payments and transactions that we can undertake.

During the third quarter of 2003, we paid $140 to repurchase certain of our unsecured notes with a total face value of $158. Specifically, we repurchased $19 of the March 2004 notes, $32 of the March 2028 notes and $107 of the March 2029 notes. Other income in 2003 includes the $15 pre-tax gain realized on these transactions after considering the unamortized issuance costs and original issuance discount.

At December 31, 2003, notes totaling $275 were outstanding under a $500 Medium-Term Note Program established at DCC during 1999. Notes under the program are offered on terms determined at the time of issuance. These notes are general, unsecured obligations of DCC. DCC has agreed that it will not issue any other notes which are secured or senior to notes issued under the program, except as permitted by the program. Interest on the notes is payable on a semi-annual basis. Nonrecourse obligations represent debt collateralized by the assignment of contracts and a security interest in the underlying assets. In the event of a default under the nonrecourse debt obligation, the lender's recourse is limited to the collateral with no further recourse against DCC.

Selected details of our consolidated long-term debt are as follows:

| | December 31 | |
|---|---|---|
| | **2003** | 2002 |
| Indebtedness of Dana, excluding consolidated subsidiaries — | | |
| Unsecured notes payable, fixed rates — | | |
| 6.25% notes, due March 1, 2004 | **$ 231** | $ 250 |
| 6.5% notes, due March 15, 2008 | **150** | 150 |
| 7.0% notes, due March 15, 2028 | **164** | 196 |
| 6.5% notes, due March 1, 2009 | **349** | 349 |
| 7.0% notes, due March 1, 2029 | **266** | 371 |
| 9.0% notes, due August 15, 2011 | **575** | 575 |
| 9.0% euro notes, due August 15, 2011 | **250** | 209 |
| 10.125% notes, due March 15, 2010 | **247** | 247 |
| Valuation adjustments | **65** | 92 |
| Indebtedness of DCC — | | |
| Unsecured notes payable, variable rates, 4.89125%, due 2004 to 2006 | **13** | 95 |
| Unsecured notes payable, fixed rates, 2.00% - 8.54%, due 2004 to 2011 | **642** | 655 |
| Nonrecourse notes payable, fixed rates, 9.25% - 12.05%, due 2004 to 2016 | **32** | 70 |
| Nonrecourse notes payable, due 2007, variable rate of 6.15% at the end of 2003 | **35** | 35 |
| Indebtedness of other consolidated subsidiaries | **25** | 45 |
| Total long-term debt | **3,044** | 3,339 |
| Less: Current maturities | **439** | 124 |
| | **$2,605** | $3,215 |

The total maturities of all long-term debt for the five years after 2003 are as follows: 2004, $439; 2005, $63; 2006, $95; 2007, $352 and 2008, $156.

Interest paid on short-term and long-term debt was $222 in 2003, $255 in 2002 and $304 in 2001.

## Note 10. Interest Rate Agreements

Under our interest rate swap agreements, we have agreed to exchange with third parties, at specific intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to agreed notional amounts. Differentials to be paid or received under these agreements are accrued and recognized as adjustments to interest expense.

At December 31, 2002, Dana, exclusive of DCC, was a party to several interest rate swap agreements corresponding with our August 2001 and March 2002 notes. These agreements effectively converted the interest rates of these notes to a variable rate in order to provide a better balance of fixed and variable rate debt. These agreements had been designated as fair value hedges of the corresponding notes and the carrying value of the notes were adjusted as the swap agreements increased in value. In May 2003, we received $18 in connection with terminating two of the swap agreements. The corresponding valuation adjustment is being amortized as a reduction of interest expense over the remaining life of the related notes. The terminated agreements were replaced with new swap agreements.

All of our current fixed-for-variable swap agreements have been designated as fair value hedges of the August 2001 and March 2002 notes. As of December 31, 2003, the agreements provided for us to receive an average rate of 9.26% on notional amounts of $825 and €200 and to pay variable rates equal to the six-

month LIBOR plus an average of 4.92% (the combined rate was 6.32% at December 31, 2003) on a notional amount of $825 and the six-month Euro interbank offered rate (EURIBOR) plus an average of 3.79% (the combined rate was 6.56% at December 31, 2003) on a notional amount of €200. These agreements expire in March 2010 ($250) and August 2011 ($575 and €200). Based on the aggregate fair value of these agreements at December 31, 2003, we recorded a noncurrent liability of $11 and offset the carrying value of long-term debt. This adjustment of long-term debt, which does not affect the scheduled principal payments, will fluctuate with the fair value of the swap agreements and will not be amortized if the agreements remain open.

**Note 11. Stock Option Plans**

Under the Dana Stock Incentive Plan, which was approved by shareholders in 2003 and amended and restated the 1997 Stock Option Plan, the Compensation Committee of the Board may grant stock options to Dana employees. Options outstanding have been granted at option prices not less than the market price of the stock at the date of grant. Generally, one-fourth of the options granted become exercisable at each of the first four anniversary dates of the grant and all options expire ten years from the date of grant. Stock appreciation rights may be granted separately or in conjunction with the options. At December 31, 2003, there were 6,005,225 shares available for future grants under this plan.

When we merged with Echlin Inc. in 1998, we assumed Echlin's 1992 Stock Option Plan for employees and the underlying Echlin shares were converted to Dana stock. At the time of the merger, there were options outstanding under this plan for the equivalent of 1,692,930 Dana shares. No options were granted under this plan after the merger. When the plan expired in 2002, the outstanding options remained exercisable according to their terms.

This is a summary of transactions under these plans in the last three years:

| | Number of Shares | Exercise Price |
|---|---|---|
| Outstanding at December 31, 2000 | 12,862,399 | $34.94 |
| Granted — 2001 | 2,763,200 | 25.05 |
| Exercised — 2001 | (52,003) | 15.97 |
| Cancelled — 2001 | (632,643) | 35.85 |
| Outstanding at December 31, 2001 | 14,940,953 | $33.14 |
| Granted — 2002 | 3,161,850 | 15.29 |
| Exercised — 2002 | (2,589) | 20.13 |
| Cancelled — 2002 | (590,959) | 26.69 |
| Outstanding at December 31, 2002 | 17,509,255 | $30.14 |
| Granted — 2003 | 2,544,650 | 8.34 |
| Exercised — 2003 | (1,850) | 15.33 |
| Cancelled — 2003 | (2,581,622) | 32.77 |
| Outstanding at December 31, 2003 | 17,470,433 | $26.57 |

The following table summarizes information about stock options under these plans at December 31, 2003:

| | Outstanding Options | | | Exercisable Options | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Number of Options | Weighted Average Remaining Contractual Life in Years | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| $ 8.34-$15.33 | 5,544,700 | 8.8 | $12.13 | 1,261,562 | $13.81 |
| 23.06- 33.08 | 7,267,566 | 5.5 | 25.52 | 5,753,641 | 25.82 |
| 37.52- 52.56 | 4,658,167 | 4.7 | 45.41 | 4,656,917 | 45.41 |
| | 17,470,433 | 6.3 | $26.57 | 11,672,120 | $32.34 |

In accordance with our accounting policy for stock-based compensation, we have not recognized any expense relating to these stock options. If we had used the fair value method of accounting, the alternative policy set out in SFAS No. 123, “Accounting for Stock-Based Compensation,” the after-tax expense relating to the stock options would have been $14 in 2003, $17 in 2002 and $16 in 2001.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes model. Black-Scholes is one of several models that are used by companies to estimate the value of option grants. There are also new, emerging methods for determining values of stock options, including soliciting bids for option-like equity instruments from investment banks. Different estimates of the fair values of our stock options would likely result if we were to use one of these alternative methods. The Black-Scholes model is heavily influenced by the assumptions used, especially the stock price volatility assumption.

The assumptions used in each period are as follows:

| | **2003** | 2002 | 2001 |
|---|---|---|---|
| Risk-free interest rate | **2.97%** | 3.53% | 4.63% |
| Dividend yield | **0.48%** | 0.26% | 4.95% |
| Expected life | **5.4 years** | 5.4 years | 5.4 years |
| Stock price volatility | **43.46%** | 53.24% | 44.67% |

Based on the above assumptions, the weighted average fair value per share of options granted under these plans was $3.47 in 2003, $7.67 in 2002 and $7.49 in 2001.

Under our Directors’ Stock Option Plan, options for 3,000 common shares are automatically granted to each non-employee director once a year. The option price is the market value of the stock at the date of grant. The options can be exercised after one year and expire ten years from the date of grant, except in the event of retirement or death of the director.

This is a summary of the stock option activity of the Directors’ plan in the last three years:

| | Number of Shares | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at December 31, 2000 | 159,000 | $36.49 |
| Granted — 2001 | 24,000 | 17.64 |
| Outstanding at December 31, 2001 | 183,000 | $34.02 |
| Granted — 2002 | 27,000 | 21.53 |
| Outstanding at December 31, 2002 | 210,000 | $32.41 |
| Granted — 2003 | 30,000 | 8.52 |
| Cancelled — 2003 | (9,000) | 24.25 |
| Outstanding at December 31, 2003 | 231,000 | $29.63 |

The following table summarizes information about stock options under this plan at December 31, 2003:

| | Outstanding Options | | | Exercisable Options | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Number of Options | Weighted Average Remaining Contractual Life in Years | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| $ 8.52-$21.53 | 81,000 | 8.4 | $15.56 | 51,000 | $19.70 |
| 24.81- 32.25 | 105,000 | 2.8 | 29.39 | 105,000 | 29.39 |
| 50.25- 60.09 | 45,000 | 4.8 | 55.50 | 45,000 | 55.50 |
| | 231,000 | 5.1 | $29.63 | 201,000 | $32.78 |

At December 31, 2003, 34,000 shares were available for future grants under this plan.

We also assumed Echlin's 1996 Non-Executive Director Stock Option Plan when we merged with Echlin and the underlying Echlin shares were converted to Dana stock. At the time of the merger, there were options outstanding under this plan for the equivalent of 83,637 Dana shares. No options were granted under this plan after the merger. When the plan was terminated in 1999, the outstanding options remained exercisable according to their terms for a period of five years following the merger with Echlin. The 38,752 options outstanding and exercisable at December 31, 2002 were forfeited upon reaching the end of the five-year period in July 2003.

**Note 12. Employees' Stock Purchase Plan**

Full-time employees of Dana and our wholly owned subsidiaries and some part-time employees of our non-U.S. subsidiaries are eligible to participate in our Employees' Stock Purchase Plan. Plan participants can authorize payroll deductions up to 15% of their earnings; these deductions are deposited with the independent plan custodian. We match up to 50% of the participants' contributions in cash over a five-year period beginning with the year the amounts are withheld. If a participant withdraws any shares before the end of five years, the amount of the match will depend on how long the shares were in the account. The charge to expense for matching contributions was $10 in 2003, $11 in 2002 and $11 in 2001.

The custodian uses the payroll deductions and matching contributions to purchase Dana common stock at current market prices. The custodian purchased the following number of shares in the open market in the past three years: 2,503,454 in 2003, 2,239,968 in 2002 and 2,405,040 in 2001. We are also authorized to issue up to 4,500,000 shares to sell to the custodian in lieu of open market purchases. No shares have been issued for this purpose through December 31, 2003. As record keeper for the plan, we allocate the purchased shares to the participants' accounts. Shares are distributed to the participants on request in accordance with the plan's withdrawal provisions.

**Note 13. Additional Equity Compensation Plans**

We have numerous additional compensation plans under which we pay our employees for increased productivity and improved performance. One such plan is our Additional Compensation Plan for certain officers and other key employees. Under this plan, a percentage of the participants' compensation is accrued for additional compensation if we attain certain annual corporate performance goals. The Compensation Committee selects the participants and determines whether to pay the awards immediately in cash or to defer them in the form of units which are the economic equivalent of shares of Dana common stock. The participant decides whether the company will pay the deferred awards ultimately in cash, stock or a combination of both. Units are credited with the equivalent of dividends on our common stock and adjusted in value based on the market value of our common stock. Compensation expense is charged or credited in connection with increases or decreases, respectively, in the value of the deferred units. Awards not converted to units are credited quarterly with interest earned at a rate tied to the prime rate.

Activity related to the plan for the last three years is as follows:

| | **2003** | 2002 | 2001 |
|---|---|---|---|
| Dividends and interest credited to participants' accounts | **$ 1** | $ 1 | $ 2 |
| Mark-to-market adjustments | **3** | (1) | (1) |
| Accrued for bonuses | **10** | 10 | |
| Charge to expense | **$ 14** | $ 10 | $ 1 |

In order to satisfy a portion of our deferred compensation obligations to retirees and other former employees under this plan, we distributed shares totaling 9,437 in 2003, 48,301 in 2002 and 25,106 in 2001.

We also have two successive Restricted Stock Plans under which the Compensation Committee may grant restricted common shares to key employees. The shares are subject to forfeiture until the restrictions lapse or terminate. Generally, the employee must remain employed with us for a specified number of years after the date of grant to avoid forfeiting the shares. Dividends on granted restricted shares may be paid to participants in cash but have historically been credited in the form of additional restricted shares. Participants can elect to convert their unvested restricted stock into an equal number of restricted stock units under certain conditions. The number of restricted shares converted to restricted units was 42,049 in 2003, 31,540 in 2002 and 27,500 in 2001. The units, which are credited with the equivalent of dividends, are payable in unrestricted stock upon retirement or termination of employment.

Grants were made under the 1989 Restricted Stock Plan through February 1999, at which time the authorization to grant restricted stock awards under this plan lapsed. At December 31, 2003, there were 468,177 shares available for issuance in connection with dividends under this plan.

Under the 1999 Restricted Stock Plan, there were 53,900 shares granted in 2003, 8,000 shares in 2002 and 529,000 shares in 2001. At December 31, 2003, there were 851,123 shares available for future grants and dividends under this plan, including 30,660 shares as a result of forfeitures in 2003.

Charges to expense for these plans were $2 in 2003, $1 in 2002 and $3 in 2001.

**Note 14. Pension and Other Postretirement Benefits**

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.

Under the terms of the defined contribution retirement plans, employee and employer contributions may be directed into a number of diverse investments. None of these defined contribution plans allow direct investment of contributions in Dana stock.

The following tables provide a reconciliation of the changes in the defined benefit pension plans' and other postretirement plans' benefit obligations and fair value of assets over the two-year period ended December 31, 2003, statements of the funded status and schedules of the net amounts recognized in the balance sheet at December 31, 2003 and 2002 for both continuing and discontinued operations. The measurement date for the amounts in these tables was December 31 of each year presented.

| | Pension Benefits | | Other Benefits | |
|---|---|---|---|---|
| | **2003** | 2002 | **2003** | 2002 |
| Reconciliation of benefit obligation | | | | |
| Obligation at January 1 | **$2,808** | $2,549 | **$1,699** | $1,415 |
| Service cost | **53** | 62 | **13** | 16 |
| Interest cost | **176** | 179 | **113** | 105 |
| Employee contributions | **3** | 3 | **11** | 8 |
| Plan amendments | **1** | | **(121)** | |
| Actuarial loss | **12** | 184 | **148** | 267 |
| Benefit payments | **(248)** | (223) | **(124)** | (111) |
| Settlements, curtailment and terminations | **(2)** | 18 | | (2) |
| Acquisitions and divestitures | **13** | (16) | **5** | (1) |
| Translation adjustments | **98** | 52 | **15** | 2 |
| Obligation at December 31 | **$2,914** | $2,808 | **$1,759** | $1,699 |
| Accumulated Benefit Obligation at December 31 | **$2,788** | $2,669 | | |
| Reconciliation of fair value of plan assets | | | | |
| Fair value at January 1 | **$2,121** | $2,283 | | |
| Actual return on plan assets | **347** | (19) | | |
| Acquisitions and divestitures | **2** | 1 | | |
| Employer contributions | **72** | 33 | | |
| Employee contributions | **3** | 3 | | |
| Benefit payments | **(248)** | (220) | | |
| Settlements | **(2)** | 3 | | |
| Translation adjustments | **72** | 37 | | |
| Fair value at December 31 | **$2,367** | $2,121 | | |
| Fair Value of Plan Assets | | | | |
| U.S. plans | **$1,784** | $1,661 | | |
| Non-U.S. plans | **583** | 460 | | |
| Total Fair Value of Plan Assets | **$2,367** | $2,121 | | |

The weighted average asset allocations of our U.S. pension plans at December 31 follow:

| **Asset Category** | **2003** | 2002 |
|---|---|---|
| Equity securities | **54%** | 42% |
| U.S. government debt securities | **37** | 52 |
| Other | **9** | 6 |
| Total | **100%** | 100% |

Our target asset allocations of U.S. pension plans for equity securities and absolute return strategies investments, debt securities and other assets at December 31, 2003 were 50%, 45% and 5%, respectively. Our target asset allocations at December 31, 2002 were similar. Our U.S. pension plan target asset

allocations are established through an investment policy, which is updated periodically and reviewed by a committee of the Board of Directors.

Our policy recognizes that the link between assets and liabilities is the level of long-term interest rates, and that properly managing the relationship between assets of the pension plans and pension liabilities serves to mitigate the impact of market volatility on our funding levels. Given our U.S. plans' demographics, the key component of this asset/ liability modeling approach is the use of long duration U.S. government fixed-income securities. The valuation of these securities tends to track the valuation of pension liabilities. This mitigates interest rate risk and provides the opportunity to allocate additional plan assets to other asset categories with low correlation to stock market indices. Our policy permits the plan assets to be invested in a diverse number of investment categories (referred to as "absolute return strategies" investments) including hedge fund of funds, option programs, commodity funds, private equity and real estate. Under our policy, absolute return strategies investments are limited to not more than 15% of total assets. Currently, none of our U.S. plan assets are invested in absolute return strategies investments except for a de minimis amount of private equity securities. The Other category of our U.S. plan assets includes cash and other short-term debt securities which provide for adequate liquidity for near-term (twelve months or less) benefit payments.

| | Pension Benefits | | Other Benefits | |
|---|---|---|---|---|
| | **2003** | 2002 | **2003** | 2002 |
| Funded Status | | | | |
| Balance at December 31 | **$(547)** | $(687) | **$(1,759)** | $(1,699) |
| Unrecognized transition obligation | **1** | | **3** | |
| Unrecognized prior service cost | **20** | 28 | **(117)** | (3) |
| Unrecognized loss | **574** | 662 | **849** | 735 |
| Prepaid expense (accrued cost) | **$ 48** | $ 3 | **$(1,024)** | $ (967) |
| Amounts recognized in the balance sheet consist of: | | | | |
| Prepaid benefit cost | **$ 216** | $ 105 | | |
| Accrued benefit liability | **(638)** | (691) | **$(1,024)** | $ (967) |
| Intangible assets | **13** | 23 | | |
| Accumulated other comprehensive loss | **457** | 566 | | |
| Net amount recognized | **$ 48** | $ 3 | **$(1,024)** | $ (967) |

Benefit obligations of the U.S. non-qualified and certain non-U.S. pension plans, amounting to $149 at December 31, 2003, and the other postretirement benefit plans are not funded.

Based on proposed legislation that would modify the discount rate used to determine funding requirements for U.S. plans to a rate equal to 120% of the four-year weighted average of the 30-year Treasury bond yield, we expect to contribute $39 for our U.S. plans during 2004. If the proposed legislation were not enacted, we believe our 2004 contribution would increase by $31. In connection with the planned sale of our automotive aftermarket business, we may contribute a portion of the proceeds generated upon completion of the transaction to our U.S. defined benefit plans. Any such contribution would be in addition to the expected payment required under funding regulations.

Expected benefit payments by U.S. pension plans over the five years after 2003 are as follows: $162 in 2004, $164 in 2005, $165 in 2006, $171 in 2007 and $173 in 2008. Aggregate expected benefit payments by U.S. pension plans for the five-year period 2009 through 2013 are $905. Expected benefit payments by our other U.S. retirement benefit plans over the five years after 2003 are as follows: $115 in 2004, $123 in 2005, $129 in 2006, $132 in 2007 and $135 in 2008. Aggregate expected benefit payments by our other U.S. retirement benefit plans for the five-year period 2009 through 2013 are $665.

Components of net periodic benefit costs for the last three years are as follows:

| | Pension Benefits | | | Other Benefits | | |
|---|---|---|---|---|---|---|
| | **2003** | 2002 | **2001** | **2003** | 2002 | **2001** |
| Service cost | **$ 53** | $ 62 | $ 66 | **$ 13** | $ 16 | $ 14 |
| Interest cost | **176** | 179 | 172 | **113** | 105 | 91 |
| Expected return on plan assets | **(216)** | (238) | (241) | | | |
| Amortization of transition obligation | **(1)** | | 1 | | | |
| Amortization of prior service cost | **10** | 12 | 13 | **(7)** | (4) | (6) |
| Recognized net actuarial loss (gain) | **4** | (9) | (20) | **38** | 25 | 13 |
| Net periodic benefit cost | **26** | 6 | (9) | **157** | 142 | 112 |
| Curtailment (gain) loss | | 13 | 4 | **1** | 3 | (2) |
| Settlement loss | | 2 | 2 | | | |
| Termination expenses | | 7 | 10 | | | |
| Net periodic benefit cost after curtailment and settlements | **$ 26** | $ 28 | $ 7 | **$158** | $145 | $110 |

The weighted average assumptions used in the measurement of pension benefit obligations are as follows:

| | U.S. Plans | | |
|---|---|---|---|
| | **2003** | 2002 | **2001** |
| Discount rate | **6.25%** | 6.75% | 7.50% |
| Expected return on plan assets | **8.75%** | 8.75% | 9.50% |
| Rate of compensation increase | **5.00%** | 5.00% | 5.00% |

| | Non-U.S. Plans | | |
|---|---|---|---|
| | **2003** | 2002 | **2001** |
| Discount rate | **5.63%** | 5.99% | 6.18% |
| Expected return on plan assets | **6.80%** | 7.06% | 7.16% |
| Rate of compensation increase | **3.58%** | 3.41% | 4.10% |

The discount rate and expected return on plan assets for U.S. plans presented in the table above is used to determine pension expense for the succeeding year.

We select the expected rate of return on plan assets on the basis of a long-term view of asset portfolio performance of our pension plans. Since the 1981 adoption of our asset/ liability management investment policy, our compounded rate of return was 12.5%. However, our two-year and five-year compounded rates of return through December 31, 2003 were 9.5% and 3.7%, respectively. We assess the appropriateness of the expected rate of return on an annual basis and when necessary revise the assumption. Our rate of return assumption for U.S. plans was last revised in 2002 when it was lowered from 9.5% to 8.75%, based in part on our expectation of lower future rates of return.

The weighted average assumptions used in the measurement of other postretirement benefit obligations are as follows:

| | **2003** | 2002 | **2001** |
|---|---|---|---|
| Discount rate | **6.24%** | 6.75% | 7.50% |
| Initial weighted health care costs trend rate | **11.81%** | 12.30% | 8.10% |
| Ultimate health care costs trend rate | **5.00%** | 5.00% | 5.00% |
| Years to ultimate | **10** | 10 | 9 |

The discount rate presented in the table above is used to determine expense for the succeeding year. Assumed health care costs trend rates have a significant effect on the health care plan. A one-percentage-point change in assumed health care costs trend rates would have the following effects for 2003:

| | 1% Point Increase | 1% Point Decrease |
|---|---|---|
| Effect on total of service and interest cost components | $ 9 | $ (8) |
| Effect on postretirement benefit obligations | 129 | (118) |

In December 2003, legislation was enacted in the U.S. that, among other things, expanded existing Medicare healthcare benefits to include an outpatient prescription drug benefit to Medicare-eligible residents of the U.S. (Medicare Part D) beginning in 2006. Prescription drug coverage will be available to eligible individuals who voluntarily enroll under the Part D plan. As an alternative, employers may provide drug coverage at least “actuarially equivalent to standard coverage” and receive a tax-free federal subsidy equal to 28% of a portion of a Medicare beneficiary’s drug costs. However, if covered retirees enroll in a Part D plan, the employer would not receive the subsidy.

The effects of the new Medicare legislation on an entity’s financial position and results of operations are normally required to be reflected in the period in which the legislation is enacted. However, the FASB has permitted entities to defer the accounting for the effects of the legislation. Accordingly, we have the option either to account for the effects of the legislation in our 2003 financial statements or to defer our accounting until 2004. Because implementing regulations under the legislation have not been issued and the implications of the legislation’s provisions on our retiree healthcare programs in the U.S. need to be fully assessed, we have elected to defer the accounting for the changes in Medicare. We will account for the effects of this legislation in the period in which authoritative guidance on the accounting for the federal subsidy is issued unless an earlier significant event occurs, such as a plan amendment or curtailment, that would call for a remeasurement of our plans’ obligations. If such a significant event were to occur before the authoritative guidance were issued, we would reflect our best estimate of the effects of the legislation, including the federal subsidy, at that time. While we expect the effect of this legislation to positively affect our financial condition and results of operations, we will be unable to quantify the full impact until the completion of the assessment.

## Note 15. Income Taxes

Income tax expense (benefit) applicable to continuing operations consists of the following components:

| | Year Ended December 31 | | |
|---|---|---|---|
| | **2003** | 2002 | 2001 |
| Current | | | |
| U.S. federal | **$(125)** | $ (7) | $ (65) |
| U.S. state and local | **(2)** | (9) | (4) |
| Non-U.S | **100** | 51 | 18 |
| | **(27)** | 35 | (51) |
| Deferred | | | |
| U.S. federal and state | **(9)** | (109) | (75) |
| Non-U.S | **(13)** | (4) | 8 |
| | **(22)** | (113) | (67) |
| Total expense (benefit) | **$ (49)** | $ (78) | $(118) |

Income (loss) before income taxes from continuing operations consists of the following:

| | Year Ended December 31 | | |
|---|---|---|---|
| | **2003** | 2002 | 2001 |
| U.S. operations | **$(204)** | $(242) | $(359) |
| Non-U.S. operations | **285** | 128 | 11 |
| | **$ 81** | $(114) | $(348) |

Deferred tax benefits (liabilities) consist of the following:

| | December 31 | | |
|---|---|---|---|
| | **2003** | 2002 | 2001 |
| Postretirement benefits other than pensions | **$ 351** | $ 339 | $ 339 |
| Pension accruals | **124** | 189 | 33 |
| Postemployment benefits | **36** | 36 | 32 |
| Other employee benefits | **37** | 29 | 20 |
| Capital loss carryforward | **456** | 368 | |
| Net operating loss carryforwards | **267** | 220 | 234 |
| Foreign tax credits recoverable | **94** | 80 | 79 |
| Other tax credits recoverable | **11** | | 27 |
| Inventory reserves | **29** | 63 | 77 |
| Expense accruals | **188** | 267 | 252 |
| Goodwill | **76** | 109 | 23 |
| Research and development costs | **86** | 41 | |
| Other | **91** | 105 | 62 |
| | **1,846** | 1,846 | 1,178 |
| Valuation allowances | **(609)** | (538) | (128) |
| Deferred tax benefits | **1,237** | 1,308 | 1,050 |
| Leasing activities | **(577)** | (621) | (678) |
| Depreciation — non-leasing | **(177)** | (214) | (233) |
| Other | | | (24) |
| Deferred tax liabilities | **(754)** | (835) | (935) |
| Net deferred tax benefits | **$ 483** | $ 473 | $ 115 |

Worldwide, we have net operating loss carryforwards of approximately $720 with remaining lives ranging from one year to an indefinite period. Net benefits recognized for net operating loss carryforwards generally relate to Brazil, Germany and the United States where the losses are carried forward 20 years or indefinitely.

We have a capital loss carryforward of approximately $1,302 that expires in 2007. The capital loss carryforward includes $1,050 that was recorded in 2002 in connection with the sale of a subsidiary, as the tax basis substantially exceeded the book basis in the subsidiary's stock. A valuation allowance of $356 was established against the deferred tax asset of $368 in 2002 because current tax law requires the generation of capital gain to offset capital loss and our manufacturing and leasing operations generally produce income that is characterized as ordinary income. Upon completion of the analysis and finalization of the 2002 U.S. federal income tax return, the tentative capital loss carryforward reported in 2002 increased by $365. The resulting $128 adjustment of the deferred tax asset did not affect our determination of the benefit that we are more likely than not to realize during the carryforward period. Accordingly, the

valuation allowance of $454 at December 31, 2003 reflects a $128 increase, as well as a $49 reduction for benefits recognized in 2003.

We have a carryforward of excess foreign tax credits of $94. Foreign tax credits generated on income from foreign sources are limited to the total U.S. taxes payable on income from all sources. The excess foreign tax credits may be carried forward five years. The foreign tax credit carryforwards expire as follows: 2005, $28; 2006, $54; 2007, $2 and 2008, $10. To reflect the uncertainties associated with achieving the proper mix of domestic and foreign sources of income to utilize these credits, we established a $40 valuation allowance against the deferred tax asset in 2002 and increased it to $60 during 2003.

Valuation allowances are provided for deferred tax assets whenever the realization of the assets is not deemed to meet a "more likely than not" standard. To reflect judgments in applying this standard, we have increased our valuation allowances against deferred tax assets by $71 in 2003, $410 in 2002 and $26 in 2001, including the provisions described above related to the capital loss and foreign tax credit carryforwards.

Cumulative undistributed earnings of non-U.S. subsidiaries for which U.S. income taxes, exclusive of foreign tax credits, have not been provided approximated $390 at December 31, 2003. U.S. income taxes have not been provided on these undistributed earnings since we intend to permanently reinvest them. If the total undistributed earnings of non-U.S. subsidiaries had been remitted in 2003, a significant amount of the additional tax provision would have been offset by foreign tax credits.

We paid income taxes of $63 in 2003 and received net refunds of $86 in 2002 and $38 in 2001.

The effective income tax rate applicable to continuing operations differs from the U.S. federal income tax rate for the following reasons:

| | Year Ended December 31 | | |
|---|---|---|---|
| | **2003** | 2002 | 2001 |
| U.S. federal income tax rate | **35.0%** | (35.0)% | (35.0)% |
| Increases (reductions) resulting from: | | | |
| State and local income taxes, net of federal income tax benefit | **(8.7)** | (6.0) | (5.7) |
| Non-U.S. income | **(18.3)** | (32.4) | 0.8 |
| Valuation adjustments | **120.7** | 364.3 | 7.3 |
| General business tax credits | **(7.1)** | (6.0) | (2.7) |
| Capital loss | **(182.7)** | (368.6) | |
| Amortization of goodwill | | | 1.1 |
| Miscellaneous items | **0.6** | 14.9 | 0.3 |
| Effective income tax rate | **(60.5)%** | (68.8) | % (33.9)% |

Table of Contents

## Note 16. Composition of Certain Balance Sheet Amounts

The following items comprise the amounts indicated in the respective balance sheet captions:

| | December 31 | |
|---|---|---|
| | **2003** | 2002 |
| **Other Current Assets** | | |
| Deferred tax benefits | **$ 156** | $ 340 |
| Prepaid pension expense | **216** | 105 |
| Other | **59** | 141 |
| | **$ 431** | $ 586 |
| **Investments and Other Assets** | | |
| Investments at equity | **$ 974** | $ 865 |
| Amounts recoverable from insurers | **139** | 124 |
| Deferred tax benefits | **329** | 145 |
| Other | **252** | 350 |
| | **$1,694** | $1,484 |
| **Property, Plant and Equipment, net** | | |
| Land and improvements to land | **$ 106** | $ 113 |
| Buildings and building fixtures | **914** | 962 |
| Machinery and equipment | **3,485** | 4,090 |
| | **4,505** | 5,165 |
| Less: Accumulated depreciation | **2,295** | 2,609 |
| | **$2,210** | $2,556 |
| **Deferred Employee Benefits and Other Noncurrent Liabilities** | | |
| Postretirement other than pension | **$ 909** | $ 863 |
| Pension | **638** | 691 |
| Postemployment | **94** | 92 |
| Compensation | **51** | 51 |
| Other noncurrent liabilities | **209** | 228 |
| | **$1,901** | $1,925 |
| **Investments in Leases** | | |
| Leveraged leases | **$ 588** | $ 724 |
| Direct financing leases | **70** | 94 |
| Property on operating leases, net of accumulated depreciation | **1** | 60 |
| Allowance for credit losses | **(26)** | (34) |
| | **633** | 844 |
| Less: Current portion | **11** | 17 |
| | **$ 622** | $ 827 |

The components of the net investment in leveraged leases are as follows:

| | December 31 | |
|---|---|---|
| | **2003** | 2002 |
| Rentals receivable | **$ 4,310** | $ 5,980 |
| Residual values | **429** | 778 |
| Nonrecourse debt service | **(3,622)** | (5,200) |
| Unearned income | **(528)** | (833) |
| Deferred investment tax credit | **(1)** | (1) |
| | **588** | 724 |
| Less: Deferred taxes arising from leverage leases | **441** | 466 |
| | **$ 147** | $ 258 |

The components of the net investment in direct financing leases are as follows:

| | December 31 | |
|---|---|---|
| | **2003** | 2002 |
| Total minimum lease payments | **$ 66** | $ 98 |
| Residual values | **29** | 31 |
| Deferred initial direct costs | **1** | 2 |
| | **96** | 131 |
| Less: Unearned income | **26** | 37 |
| | **$ 70** | $ 94 |

Total minimum lease payments receivable on direct financing leases as of December 31, 2003 are as follows:

| | |
|---|---|
| Year Ended December 31: | |
| 2004 | $ 12 |
| 2005 | 10 |
| 2006 | 10 |
| 2007 | 10 |
| 2008 | 9 |
| Later years | 15 |
| Total minimum lease payments receivable | $ 66 |

Total minimum lease payments receivable on operating leases as of December 31, 2003 were not material.

## Note 17. Fair Value of Financial Instruments

The estimated fair values of Dana's financial instruments are as follows:

| | December 31 | | | |
|---|---|---|---|---|
| | **2003** | | 2002 | |
| | **Carrying Amount** | **Fair Value** | Carrying Amount | Fair Value |
| **Financial assets** | | | | |
| Cash and cash equivalents | **$ 731** | **$ 731** | $ 571 | $ 571 |
| Loans receivable (net) | **34** | **38** | 46 | 45 |
| Investment securities | **9** | **9** | 12 | 11 |
| Interest rate swaps | | | 23 | 23 |
| Currency forwards | **4** | **4** | 1 | 1 |
| **Financial liabilities** | | | | |
| Short-term debt | **54** | **54** | 163 | 163 |
| Long-term debt | **3,044** | **3,064** | 3,339 | 3,299 |
| Security deposits — leases | | | 1 | 1 |
| Deferred funding commitments under leveraged leases | **1** | **1** | 1 | 1 |
| Interest rate swaps | **11** | **11** | 3 | 3 |
| Currency forwards | **1** | **1** | 1 | 1 |

## Note 18. Commitments and Contingencies

At December 31, 2003, we had purchase commitments for property, plant and equipment of approximately $114. DCC did not have any material commitments to provide loan and lease financing at December 31, 2003.

We procure tooling from a variety of suppliers. In certain instances, in lieu of making progress payments on the tooling, we may guarantee a tooling supplier's obligations under its credit facility secured by the specific tooling purchase order. At December 31, 2003, we had a $18 guarantee outstanding in connection with a tooling order for one of our OE programs. Although our Board authorization permits us to issue tooling guarantees up to $80 for these programs, we do not expect such guarantees for this program to exceed $40.

Cash obligations under future minimum rental commitments under operating leases were $378 at December 31, 2003, with rental payments during the next five years of: 2004, $73; 2005, $54; 2006, $53; 2007, $36 and 2008, $33. Net rental expense was $90 in 2003, $78 in 2002 and $107 in 2001.

We have divested certain of our businesses. In connection with these divestitures, there may be future claims and proceedings instituted or asserted against us relative to the period of our ownership or pursuant to indemnifications or guarantees provided in connection with the respective transactions. The estimated maximum potential amount of payments under these obligations is not determinable due to the significant number of divestitures and lack of a stated maximum liability for certain matters. In some cases, we have insurance coverage available to satisfy claims related to the divested businesses. We believe that payments, if any, in excess of amounts provided or insured related to such matters are not reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

We record a liability for estimated warranty obligations at the date products are sold. Adjustments are made as new information becomes available. Changes in our warranty liability for the year ended December 31, 2003 follow:

| | Year Ended December 31 | |
|---|---|---|
| | **2003** | 2002 |
| Balance, beginning of period | **$135** | $138 |
| Amounts accrued for current year sales | **39** | 55 |
| Adjustments of prior accrual estimates | **(3)** | 25 |
| Settlements of warranty claims | **(58)** | (80) |
| Effect of discontinued operations | **(19)** | |
| Impact of divestitures and acquisitions | **(7)** | (5) |
| Foreign currency translation | **4** | 2 |
| Balance, end of period | **$ 91** | $135 |

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 our pending judicial and legal proceedings, including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage 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.

Since the mid-1980s, we have been a defendant in asbestos bodily injury litigation. For most of this period, our asbestos-related claims were administered by the Center for Claims Resolution (CCR), which settled claims for its member companies on a shared settlement cost basis. In February 2001, the CCR was reorganized and discontinued negotiating shared settlements. Since then, we have independently controlled our legal strategy and settlements. In August 2001, we retained Peterson Asbestos Consulting Enterprise (PACE), a subsidiary of Peterson Consulting, Inc., to administer our claims, bill our insurance carriers and assist us in claims negotiation and resolution.

At December 31, 2003, we had approximately 149,000 pending asbestos-related product liability claims, consisting of approximately 139,000 unresolved claims and approximately 10,000 claims settled pending payment (including 7,000 claims remaining from when we were a member of the CCR and 3,000 claims we have settled subsequently). This compares to approximately 139,000 pending claims that we reported at December 31, 2002, consisting of approximately 115,000 unresolved claims and approximately 24,000 claims settled pending payment (including 14,000 claims remaining from when we were a member of the CCR and 10,000 claims we have settled subsequently). We believe that we are now being named in more claims because claimants are routinely naming many former CCR members in individual claims, and that more of our claims are now pending for longer periods because we are aggressively defending claims which might previously have been settled by the CCR. We attribute the increase in the number of claims, which occurred in the first half of 2003, in large part to the delayed service of numerous complaints that had been filed in Mississippi in advance of the January 1, 2003 effective date of new laws limiting the filing of tort claims in that state. Many of these were amended claims that had not originally named Dana as a defendant. The number of pending claims declined by 5,000 in the fourth quarter of 2003.

The increase in the number of pending claims has not materially affected our aggregate loss estimate for such claims. At December 31, 2003, we had accrued $133 for indemnity and defense costs for contingent asbestos-related product liability claims and recorded $113 as an asset for probable recoveries from insurers for such claims, compared to $124 accrued for such liabilities and $105 recorded as an asset at December 31, 2002. We review our claims database annually and make adjustments to our loss estimates if appropriate. While we expect our legal defense costs will continue at higher levels than when

we were a member of the CCR, we believe that our litigation strategy has reduced and will continue to reduce our indemnity costs. We have agreements with our insurance carriers providing for the payment of a significant majority of the defense and indemnity costs for the pending claims, as well as claims which may be filed against us in the future. We cannot estimate possible losses in excess of those for which we have accrued because we cannot predict how many additional claims may be brought against us in the future, the allegations in such claims or their probable outcomes.

At December 31, 2003 and 2002, we had amounts receivable from our insurers and others of $33 and $38, respectively, representing reimbursements for settled claims and related defense costs. These receivables include billings in progress and amounts subject to alternate dispute resolution proceedings with certain of our insurers. Substantial progress has been made in those proceedings and we expect the outcome to be favorable. However, the amount receivable may increase until the proceedings are ultimately concluded. During 2003, we received $4 from the CCR as a refund of previous settlement advances and $21 from our insurers as reimbursement for defense and indemnity costs. Additional amounts were billed to our insurers for amounts we paid in 2003 in defense and indemnity costs.

At December 31, 2003, we had accrued $12 for contingent non-asbestos product liability costs, compared to $10 at December 31, 2002, with no recovery expected from third parties at either date. The difference between our minimum and maximum estimates for these liabilities was $12 at both dates. If there is a range of equally probable outcomes, we accrue the lower end of the range.

We estimate contingent environmental 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. Dana is a potentially responsible party at the Hamilton Avenue Industrial Park Superfund site in New Jersey (“the site”). The site has three “Operable Units.” Dana has estimated its potential financial exposure for Operable Units 1 and 2 at the site as ranging between $1 and $5 based on Dana’s view as to the most likely remediation method and allocation of costs between Dana and other potentially responsible parties. However, the EPA has identified an array of remedial alternatives for Operable Unit 2 that includes a range from lower to substantially higher than the Dana estimate. Dana has not included any estimate for Operable Unit 3 in its cost projections as the site investigation for this aspect of the site has not yet been conducted. Currently, it is impossible to predict which remedial alternative for Operable Unit 2 will be selected by the EPA, or whether there will be a need for remedial action related to Operable Unit 3. At December 31, 2003, we had accrued $77 for contingent environmental liabilities, compared to $78 at December 31, 2002, with no recovery expected from other parties at either date. The difference between our minimum and maximum estimates for these liabilities was $10 at December 31, 2003, compared to $3 at December 31, 2002.

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 are now seeking 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 member companies, our insurers and the claimants to resolve these issues. At December 31, 2003, we had estimated our total exposure to these matters to be approximately $48 compared to our estimate of $57 at December 31, 2002. At December 31, 2003 we have recorded an estimated recoverable of $30 compared to $47 at December 31, 2002. The change in both amounts during 2003 reflects the favorable renegotiation of a portion of unpaid amounts with plaintiffs. In addition, we have increased our reserve against the recoverable by $8 to take into account the current status of negotiations with our insurers including the status of alternate dispute resolution proceedings and consultations with outside counsel.

The amounts recorded for contingent asbestos-related liabilities and recoveries are based on assumptions and estimates derived from our historical experience and current information. If our assumptions about the nature of the pending unresolved bodily injury claims and the claims relating to the CCR-negotiated settlements, the costs to resolve those claims and the amount of available insurance and surety

bonds prove to be incorrect, the actual amount of our liability for asbestos-related claims and the effect on the company could differ materially from our current expectations.

**Note 19. Acquisitions**

In June 2001, we acquired the remaining 51% interest in Danaven, a Venezuelan operation in which we previously held a minority position. This acquisition was accounted for as a purchase and the results of operations have been included in the consolidated financial statements since the date we attained 100% ownership. We previously accounted for our 49% interest in Danaven under the equity method of accounting. Total assets and debt of Danaven approximated $202 and $92 at June 30, 2001. Sales related to Danaven approximated $64 in 2001.

In August 2002, we acquired GKN Ayra Cardan, S.A., a Spanish manufacturer of light-duty driveshafts and subsidiary of GKN Driveshafts Limited. The acquisition was the result of restructuring the terms of a joint venture with GKN plc, whereby the full ownership of GKN Driveshafts Limited reverted back to GKN. The proceeds from the divestiture, which approximated the carrying value of the investment, were then used to acquire Ayra Cardan.

**Note 20. Divestitures**

In March 2001, we sold Mr. Gasket, Inc., a wholly owned subsidiary. In the second quarter of 2001, we divested our Marion, Ohio forging facility and the assets of our Dallas, Texas and Washington, Missouri Engine and Fluid Management Group operations. In July 2001, we completed the sale of our Chelsea power take-off business to Parker Hannifin Corporation. In September 2001, we completed the sale of our Glacier industrial polymer bearings businesses to Goodrich Corporation. A net after-tax gain of $10 was recorded on these divestitures. Sales reported by these businesses were $241 in 2000 and $105 in 2001, through the dates of divestiture.

In January 2002, we sold a portion of Taiway Ltd, a consolidated subsidiary and part of our Automotive Systems Group. The minority position retained has been accounted for under the equity method of accounting from the date of the transaction. In March 2002, we sold Thermoplast + Apparatabau GmbH, a manufacturer of molded interior trim parts, and in August 2002, we divested our 49% interest in GKN Driveshafts Limited. Also in the third quarter, we sold our light-duty cylinder liner business to a subsidiary of Promotora de Industrias Mecanicas, S.A. de C.V. (Promec), an equity affiliate. Part of the consideration for the sale of the business was an increase in our ownership in Promec from 40% to 49%. In November 2002, we completed the sale of Tekonsha Engineering Company, Theodore Bargman Company and American Electronic Components, Inc. Also in November, we divested the majority of our Boston Weatherhead industrial hose and fitting operations. In December 2002, we sold the global brake and clutch actuation systems operations of FTE. An after-tax gain of $21 was recorded as a result of these divestitures. The combined sales reported by these businesses were $625 in 2001 and $554 in 2002, through the dates of divestiture.

In October 2001, we announced our plans to sell certain of the businesses of DCC. During 2002, we completed the sale of selected businesses and assets, which reduced DCC’s portfolio assets by approximately $500. These sales, along with certain tax benefits, and an impairment charge on an asset being marketed for sale, resulted in a $32 net after-tax gain on DCC divestiture activity. During 2003, we continued to sell DCC assets in individually structured transactions and achieved further reductions through normal portfolio runoff. We reduced DCC’s assets in 2003 by approximately $350 and recognized an after-tax gain of $35.

In June 2003, we sold our Thailand structural products subsidiary to AAPICO Hitech Public Co., Ltd., a Thailand-based automotive supplier. The sale resulted in cash proceeds of $54 and an after-tax profit of $8. The subsidiary’s sales, which were included in the Automotive Systems Group, were $18 and $21 for the year ended December 31, 2002 and the six months ended June 30, 2003, respectively.

In June 2003, we sold a significant portion of our Engine Management operations to Standard Motor Products for $121. The proceeds consisted of $91 of cash and $30 of debt and equity. The equity securities are restricted by agreement for a period of three years from closing and are included in noncurrent assets at their estimated fair value. In connection with the sale, we recorded after-tax charges of $4 in 2003. The subsidiary's sales, which were included in the former Automotive Aftermarket Group, were $288 and $142 for the year ended December 31, 2002 and the six months ended June 30, 2003, respectively. These amounts are included in our discontinued operations.

**Note 21. Discontinued Operations**

The provisions of SFAS No. 144 are generally prospective from the date of adoption and therefore do not apply to divestitures announced prior to January 1, 2002. Accordingly, the disposal of selected subsidiaries of DCC that were announced in October 2001 and completed in 2002 and 2003 were not considered in our determination of discontinued operations. At the same time, while DCC had assets intended for sale at December 31, 2003, they did not meet the criteria for treatment as discontinued operations given the uncertainty surrounding the timing of the sales.

We divested our American Electronic Components, Inc., Tekonsha Engineering Company, Theodore Bargman Company and FTE businesses and the majority of our Boston Weatherhead division during the fourth quarter of 2002. We were also actively pursuing the sale of a significant portion of our Engine Management at the end of 2002, a process which ended with the sale of that business in June 2003. These operations qualified as discontinued operations at the end of 2002. In December 2003, we announced our intention to sell substantially all of our Automotive Aftermarket Group. Because we expect to complete the sale in 2004, these operations were treated as discontinued operations as of the end of 2003. Accordingly, the income statements for all prior years have been reclassified to reflect the results of operations of these divested or soon-to-be divested businesses as discontinued operations. The balance sheet at December 31, 2002 reflects the assets and liabilities of the Engine Management business as assets and liabilities of discontinued operations. The assets and liabilities of our Automotive Aftermarket business unit that we plan to divest in 2004 are presented as assets and liabilities of discontinued operations at December 31, 2003.

The following summarizes the revenues and expenses of our discontinued operations for 2003, 2002 and 2001 and reconciles the amounts reported in the consolidated statement of income to operating PAT reported in the segment table, which excludes restructuring and unusual charges.

| | **2003** | 2002 | 2001 |
|---|---|---|---|
| Sales | **$2,153** | $2,782 | $2,790 |
| Other income (expense) | **(2)** | 6 | 2 |
| Cost of sales | **1,792** | 2,316 | 2,425 |
| Selling, general and administrative expenses | **274** | 345 | 384 |
| Restructuring expenses | **4** | 49 | 114 |
| Interest expense | **1** | 5 | 5 |
| Income (loss) before income taxes | **80** | 73 | (136) |
| Income tax benefit (expense) | **(33)** | (41) | 43 |
| Restructuring and unusual items | **5** | 56 | 99 |
| Operating PAT in segment table | **$ 52** | $ 88 | $ 6 |

The sales of our discontinued operations, while not included in our segment data, were associated with our SBUs as follows:

| | **2003** | 2002 | 2001 |
|---|---|---|---|
| AAG | **$2,140** | $2,368 | $2,370 |
| ASG | **—** | 251 | 237 |
| EFMG | **13** | 134 | 153 |
| Other | **—** | 29 | 30 |
| | **$2,153** | $2,782 | $2,790 |

The $114 of restructuring expense of the discontinued operations in 2001 is related to the integration of the Engine Management warehouse operations, exiting product lines and down-sizing our filtration operations. Restructuring expenses included pre-tax charges of $61 related to the impairment of long-lived assets, primarily property, plant and equipment, $31 for employee termination benefits and $22 of exit and other expenses, primarily lease continuation expense. Cost of sales included $50 of charges related to inventory impairment resulting from consolidating our warehouse operations and exiting product lines and provisions for unsalvageable customer returns. In 2002, we charged $24 of exit costs, primarily lease continuation expense, related to closing warehouse facilities, $21 for employee termination benefits and $4 of long-lived asset impairment to restructuring expenses as we continued the program initiated in the fourth quarter of 2001. We also charged $34 to cost of sales in 2002 primarily for inventory impairment and provisions for unsalvageable customers returns in connection with exiting a product line. Other income (expense) included pre-tax charges of $38 in 2002 to reduce the carrying value of assets of our Engine Management business included in discontinued operations. Also included in other income (expense) is a net pre-tax gain of $41 in 2002 resulting from the divestiture of FTE and the majority of our Boston Weatherhead division.

The assets and liabilities of discontinued operations reported in the consolidated balance sheet as of December 31, 2002 include only the amounts related to the Engine Management operations, which were classified as discontinued operations prior to that date. Included in the balance sheet at December 31, 2003 are assets of discontinued operations of $1,254 and liabilities of discontinued operations of $307 related to the Automotive Aftermarket business unit.

The assets and liabilities of the discontinued operations are as follows:

| | December 31 | |
|---|---|---|
| | **2003** | 2002 |
| Assets of discontinued operations: | | |
| Accounts receivable | **$ 408** | $ 9 |
| Inventories | **451** | 99 |
| Cash and other current assets | **75** | 2 |
| Goodwill | **32** | — |
| Property, plant and equipment | **288** | 67 |
| | **$1,254** | $177 |
| Liabilities of discontinued operations | | |
| Accounts payable | **$ 199** | $ 40 |
| Accrued payroll and employee benefits | **26** | 11 |
| Other current liabilities | **73** | 17 |
| Other noncurrent liabilities | **9** | — |
| | **$ 307** | $ 68 |

In the consolidated statement of cash flows, the cash flows of discontinued operations are not reclassified.

**Note 22. Business Segments**

Our manufacturing operations are organized into the following market-focused strategic business units (SBUs):

- Automotive Systems Group (ASG) sells axles, driveshafts, drivetrains, frames, chassis products and related modules and systems for the automotive and light vehicle markets and driveshafts for the commercial vehicle market.

- Engine and Fluid Management Group (EFMG) sells sealing, bearing, fluid-management and power-cylinder products for the automotive, light and commercial vehicle, leisure and outdoor power equipment markets.

- Heavy Vehicle Technologies and Systems Group (HVTSG) sells axles, brakes, driveshafts, chassis and suspension modules, ride controls and related modules and systems for the commercial and off-highway vehicle markets and transmissions and electronic controls for the off-highway market.

As discussed in Note 21, a substantial majority of our Automotive Aftermarket Group (AAG) has been classified as a discontinued operation based on our intention to sell that business. The Clevite distribution and marketing operations are being retained. Because Clevite distributes products which are almost exclusively manufactured by EFMG, that business has been moved to EFMG; segment data for all years presented has been restated accordingly.

For some time, we were also a leading provider of lease financing services in selected markets through DCC. In accordance with plans announced in October 2001, we sold a number of DCC’s businesses and assets during 2002 and 2003. DCC had total portfolio assets of approximately $1,350 at December 31, 2003, as compared to $1,700 and $2,200 at the end of 2002 and 2001, respectively. While we will continue to pursue the sale of many of the remaining DCC assets in 2004, we expect to retain approximately $760 in assets and certain liabilities, including debt, for tax and other business reasons. The retained assets will include certain service-related assets which support other Dana operations, a technology-based service business where joint marketing opportunities exist, and certain portfolio investments where tax attributes and/or market conditions make disposal uneconomical at this time. The retained liabilities will include certain asset-specific financing and general obligations that are uneconomical to pay off in advance of their scheduled maturities. We expect that the retained assets will generate sufficient cash to service DCC’s debt portfolio over the next several years.

Table of Contents

Information used to evaluate our operating segments — the SBUs and DCC — and our geographic regions is as follows:

| | External Sales | Inter-Segment Sales | EBIT | Operating PAT | Net Profit (Loss) | Net Assets | Capital Spend | Depreciation/ Amortization |
|---|---|---|---|---|---|---|---|---|
| **2003** | | | | | | | | |
| ASG | $3,777 | $126 | $ 204 | $ 155 | $ 71 | $1,931 | $142 | $146 |
| EFMG | 2,150 | 35 | 134 | 87 | 40 | 1,096 | 54 | 83 |
| HVTSG | 1,924 | 75 | 130 | 79 | 27 | 610 | 39 | 51 |
| DCC | | | | 21 | 21 | 291 | | |
| Other | 67 | 6 | (220) | (211) | (28) | 13 | 16 | 5 |
| Total continuing operations | 7,918 | 242 | 248 | 131 | 131 | 3,941 | 251 | 285 |
| Discontinued operations | | | 90 | 52 | 52 | | | |
| Total operations | 7,918 | 242 | 338 | 183 | 183 | 3,941 | 251 | 285 |
| Unusual items excluded from performance measures | | | (1) | 39 | 39 | | | |
| Consolidated | $7,918 | $242 | $ 337 | $ 222 | $222 | $3,941 | $251 | $285 |
| North America | $5,473 | $ 88 | $ 245 | $ 155 | $ 35 | $2,187 | $150 | $179 |
| Europe | 1,455 | 81 | 106 | 84 | 50 | 1,137 | 54 | 60 |
| South America | 441 | 165 | 70 | 43 | 33 | 284 | 17 | 27 |
| Asia Pacific | 549 | 3 | 47 | 30 | 15 | 159 | 29 | 17 |
| DCC | | | | 21 | 21 | 291 | | |
| Other | | | (220) | (202) | (23) | (117) | 1 | 2 |
| Total continuing operations | 7,918 | 337 | 248 | 131 | 131 | 3,941 | 251 | 285 |
| Discontinued operations | | | 90 | 52 | 52 | | | |
| Total operations | 7,918 | 337 | 338 | 183 | 183 | 3,941 | 251 | 285 |
| Unusual items excluded from performance measures | | | (1) | 39 | 39 | | | |
| Consolidated | $7,918 | $337 | $ 337 | $ 222 | $222 | $3,941 | $251 | $285 |

Table of Contents

| | External Sales | Inter-Segment Sales | EBIT | Operating PAT | Net Profit (Loss) | Net Assets | Capital Spend | Depreciation/ Amortization |
|---|---|---|---|---|---|---|---|---|
| **2002** | | | | | | | | |
| ASG | $3,526 | $103 | $ 203 | $ 157 | $ 74 | $1,743 | $137 | $152 |
| EFMG | 2,119 | 38 | 112 | 73 | 25 | 1,051 | 41 | 87 |
| HVTSG | 1,797 | 92 | 102 | 63 | 14 | 629 | 23 | 53 |
| DCC | | | | 26 | 26 | 271 | | |
| Other | 59 | 638 | (198) | (236) | (56) | (43) | 2 | 4 |
| Total continuing operations | 7,501 | 871 | 219 | 83 | 83 | 3,651 | 203 | 296 |
| Discontinued operations | | | 157 | 88 | 88 | | | |
| Total operations | 7,501 | 871 | 376 | 171 | 171 | 3,651 | 203 | 296 |
| Unusual items excluded from performance measures | | | (246) | (133) | (133) | | | |
| Change in accounting | | | | (220) | (220) | | | |
| Consolidated | $7,501 | $871 | $ 130 | $(182) | $(182) | $3,651 | $203 | $296 |
| North America | $5,516 | $ 96 | $ 300 | $ 188 | $ 63 | $2,185 | $135 | $192 |
| Europe | 1,233 | 72 | 49 | 50 | 21 | 984 | 28 | 57 |
| South America | 361 | 156 | 52 | 32 | 24 | 255 | 12 | 34 |
| Asia Pacific | 391 | 2 | 19 | 13 | 1 | 149 | 27 | 12 |
| DCC | | | | 26 | 26 | 271 | | |
| Other | | | (201) | (226) | (52) | (193) | 1 | 1 |
| Total continuing operations | 7,501 | 326 | 219 | 83 | 83 | 3,651 | 203 | 296 |
| Discontinued operations | | | 157 | 88 | 88 | | | |
| Total operations | 7,501 | 326 | 376 | 171 | 171 | 3,651 | 203 | 296 |
| Unusual items excluded from performance measures | | | (246) | (133) | (133) | | | |
| Change in accounting | | | | (220) | (220) | | | |
| Consolidated | $7,501 | $326 | $ 130 | $(182) | $(182) | $3,651 | $203 | $296 |

| | External Sales | Inter-Segment Sales | EBIT | Operating PAT | Net Profit (Loss) | Net Assets | Capital Spend | Depreciation/ Amortization |
|---|---|---|---|---|---|---|---|---|
| **2001** | | | | | | | | |
| ASG | $3,485 | $ 92 | $ 168 | $ 133 | $ 50 | $1,837 | $179 | $158 |
| EFMG | 2,151 | 58 | 74 | 48 | 1 | 1,327 | 55 | 112 |
| HVTSG | 1,751 | 89 | 61 | 37 | (9) | 709 | 32 | 69 |
| DCC | | | | 31 | 31 | 198 | 1 | |
| Other | 93 | 1,172 | (148) | (218) | (42) | (27) | 1 | 4 |
| Goodwill amortization | | | (38) | (32) | (32) | | | |
| Total continuing operations | 7,480 | 1,411 | 117 | (1) | (1) | 4,044 | 268 | 343 |
| Discontinued operations | | | 30 | 6 | 6 | | | |
| Total operations | 7,480 | 1,411 | 147 | 5 | 5 | 4,044 | 268 | 343 |
| Restructuring and unusual items | | | (466) | (303) | (303) | | | |
| Consolidated | $7,480 | $1,411 | $(319) | $(298) | $(298) | $4,044 | $268 | $343 |
| North America | $5,469 | $ 88 | $ 261 | $ 166 | $ 45 | $2,527 | $179 | $222 |
| Europe | 1,255 | 73 | 39 | 43 | 13 | 975 | 36 | 70 |
| South America | 432 | 124 | 13 | (3) | (13) | 415 | 26 | 34 |
| Asia Pacific | 324 | 2 | 6 | 3 | (8) | 146 | 25 | 14 |
| DCC | | | | 31 | 31 | 198 | | |
| Other | | | (164) | (209) | (37) | (217) | 2 | 3 |
| Goodwill amortization | | | (38) | (32) | (32) | | | |
| Total continuing operations | 7,480 | 287 | 117 | (1) | (1) | 4,044 | 268 | 343 |
| Discontinued operations | | | 30 | 6 | 6 | | | |
| Total operations | 7,480 | 287 | 147 | 5 | 5 | 4,044 | 268 | 343 |
| Restructuring and unusual items | | | (466) | (303) | (303) | | | |
| Consolidated | $7,480 | $ 287 | $(319) | $(298) | $(298) | $4,044 | $268 | $343 |

Management evaluates the operating segments and regions as if DCC were accounted for on the equity method of accounting rather than on the fully consolidated basis used for external reporting. This is done because DCC is not homogeneous with our manufacturing operations, its financing activities do not support the sales of our other operating segments and its financial and performance measures are inconsistent with those of our other operating segments. Moreover, the financial covenants contained in Dana’s long-term bank facility are measured with DCC accounted for on an equity basis.

Operating profit after tax (PAT) is the key internal measure of performance used by management, including our chief operating decision maker, as a measure of segment profitability. With the exception of DCC, operating PAT represents earnings before interest and taxes (EBIT), tax effected at 39% (our estimated long-term effective rate), plus equity in earnings of affiliates. Net profit (loss), which is operating PAT less allocated corporate expenses and net interest expense, provides a secondary measure of profitability for our segments that is more comparable to that of a free-standing entity. The allocation is based on segment sales because it is readily calculable, easily understood and, we believe, provides a reasonable distribution of the various components of our corporate expenses among our diverse business units. Because the accounting guidance does not permit the allocation of corporate expenses to discontinued operations and we have elected not to allocate interest expense to discontinued operations, we have included the corporate expenses and interest expense previously allocated to AAG in Other in the segment tables. These amounts totaled $43, $36 and $37 in 2003, 2002 and 2001, respectively. We believe this avoids distorting the net profit (loss) previously reported for the remaining SBUs and presents amounts that

are indicative of the reduced level of corporate expenses and interest expense anticipated following the sale of our automotive aftermarket business.

The Other category includes businesses unrelated to the segments, trailing liabilities for closed plants and corporate administrative functions. For purposes of presenting operating PAT, Other also includes interest expense net of interest income, elimination of inter-segment income and adjustments to reflect the actual effective tax rate. In the net profit (loss) column, Other includes the net profit or loss of businesses not assigned to the segments and certain divested businesses (but not discontinued operations), minority interest in earnings and the tax differential.

The following table reconciles the EBIT amount reported for our segments, excluding DCC, to our consolidated income (loss) before income taxes as presented in the consolidated statement of income.

| | **2003** | 2002 | 2001 |
|---|---|---|---|
| EBIT of continuing operations | **$ 248** | $ 219 | $ 117 |
| Restructuring and unusual items — total operations | **(1)** | (246) | (466) |
| Restructuring and unusual items — discontinued operations | **9** | 81 | 161 |
| Interest expense, excluding DCC | **(160)** | (175) | (200) |
| Interest income, excluding DCC | **13** | 12 | 12 |
| DCC pre-tax income | **(28)** | (5) | 28 |
| Income (loss) before income taxes | **$ 81** | $(114) | $(348) |

Restructuring and unusual items consist of the gains on sales of businesses discussed in Note 20 and the restructuring and other unusual charges discussed in Notes 21 and 23.

The performance EBIT for 2003 excludes $7 of DCC-related transaction expenses recorded at the Dana parent level, the $15 of gains realized on note repurchases and $9 of additional charges associated with the Engine Management and Boston Weatherhead divestitures. An $8 profit from the sale of our Thailand structural products subsidiary is included in the EBIT of ASG because it represents the recovery of development costs previously expensed during the start-up of this operation. Because all elements of EBIT are taxed at 39% for purposes of calculating operating PAT, only $5 is included in ASG's operating PAT for this item despite its tax-free nature. Operating PAT reported by our continuing operations for 2003 excludes $9 of after-tax gains realized on the note repurchases, the $5 after-tax effect of the additional divestiture charges and $35 of net gains realized on the DCC asset sales.

Unusual items excluded from performance measures in 2002 presented in the segment table and the EBIT reconciliation table includes charges related to our restructuring efforts and gains and losses on divestitures.

The gains and losses recorded by DCC are not presented as unusual items excluded from performance measures in the preceding EBIT reconciliation table since we do not include DCC's results in EBIT for segment reporting. However, such pre-tax amounts are included within DCC's pre-tax income in the table.

Expenses incurred in connection with our restructuring activities are included in the respective SBUs' 2003 operating results, as are credits to earnings resulting from the periodic adjustments of our restructuring accruals to reflect changes in our estimates of the total cost remaining on uncompleted restructuring projects and gains and losses realized on the sale of assets related to restructuring. These expenses and

credits for 2003 are summarized by SBU in the following table. They are included in Operating PAT and Net Profit (Loss) after applying a 39% tax effect.

| | Year Ended December 31, 2003 | | |
|---|---|---|---|
| | Restructuring Provisions | Adjustments of Accruals | Restructuring Disposition Gain (Loss) |
| ASG | $ 11 | $ 9 | $ 1 |
| AAG | 5 | | |
| EFMG | 8 | 1 | 1 |
| HVTSG | 7 | 17 | 2 |
| Other | 3 | | |
| | $ 34 | $ 27 | $ 4 |

The above amounts for the AAG are included in income from discontinued operations. Refer to Note 21 for additional detail.

Equity earnings included in the operating PAT and net profit reported in 2003, 2002 and 2001 were $29, $33, and $27 for ASG and $5, $5 and $3 for EFMG. Equity earnings included for the other SBUs were not material. The related equity investments totaled $501, $415 and $364 for ASG and $64, $58 and $44 for EFMG in 2003, 2002 and 2001.

Net assets at the SBU and regional level is intended to correlate with invested capital. The amount includes accounts receivable, inventories (on a first-in, first-out basis), prepaid expenses (excluding taxes), goodwill, investments in affiliates, net property, plant and equipment, accounts payable and certain accrued liabilities, but excludes assets and liabilities of discontinued operations.

Net assets differ from consolidated total assets as follows:

| | **2003** | 2002 | 2001 |
|---|---|---|---|
| Net assets | **$3,941** | $3,651 | $ 4,044 |
| Accounts payable and other current liabilities | **1,838** | 1,609 | 1,547 |
| DCC's assets in excess of equity | **1,210** | 1,493 | 2,012 |
| Other current and long-term assets | **1,374** | 2,623 | 2,363 |
| Assets of discontinued operations | **1,254** | 177 | 241 |
| Consolidated total assets | **$9,617** | $9,553 | $10,207 |

Although accounting for discontinued operations does not result in the reclassification of prior balance sheets, our segment reporting excludes the assets of our discontinued operations for all periods presented based on the treatment of these items for internal reporting purposes.

The differences between operating capital spend and depreciation shown by SBU and region and purchases of property, plant and equipment and depreciation shown on the cash flow statement result from the exclusion from the segment table of the amounts related to discontinued operations and our method of measuring DCC for operating purposes. DCC's capital spend and depreciation are not included in the operating measures. DCC purchased equipment for lease to our manufacturing operations through 2002 and continues to lease that equipment to the SBUs. These operating leases have been included in the consolidated statements as purchases of assets and the assets are being depreciated over their useful lives.

Sales by region are based upon location of the entity recording the sale. Sales from the U.S. amounted to $4,741 in 2003, $4,907 in 2002 and $4,890 in 2001. No other country's sales exceeded 10% of total sales. U.S. long-lived assets were $1,078 in 2003, $1,304 in 2002 and $1,631 in 2001. No other country's long-lived assets exceeded 10% of total long-lived assets.

Export sales from the U.S. to customers outside the U.S. amounted to $397 in 2003, $223 in 2002 and $329 in 2001. Total export sales (including sales to our non-U.S. subsidiaries which are eliminated for financial statement presentation) were $587 in 2003, $392 in 2002 and $494 in 2001.

Worldwide sales to Ford Motor Company and subsidiaries amounted to $2,098 in 2003, $1,953 in 2002 and $1,935 in 2001, which represented 27%, 26% and 26% of our consolidated sales. Sales to DaimlerChrysler AG and subsidiaries were $823 in 2003, $1,017 in 2002 and $1,030 in 2001, representing 10%, 14% and 14% of our consolidated sales. Sales to Ford were primarily from our ASG and EFMG segments, while sales to DaimlerChrysler were primarily from the ASG and HVTSG segments. No other customer accounted for more than 10% of our consolidated sales.

**Note 23. Restructuring of Operations**

In the first quarter of 2001, we recorded $22 of restructuring expense in connection with the announced closing of six facilities in the ASG and EFMG and workforce reductions at other facilities. These charges included $10 for employee termination benefits, $7 for asset impairment and $5 for other exit costs and impacted net earnings by $14. We announced additional facility closings in the third quarter and accrued additional restructuring charges of $12, affecting earnings by $7.

In October 2001, we announced plans to reduce our global workforce by more than 15% and initiated a review of more than 30 facilities for possible consolidation or closure. These actions were undertaken to reduce capacity and outsource the manufacturing of non-core content. As of December 31, 2001, we had announced the closing of 21 facilities and reduced our workforce by more than 7% in connection with these plans. Overall charges recorded in 2001 related to our actions announced in October were $431 and affected net earnings by $279. Charges for all restructuring activities totaled $440 in the fourth quarter of 2001, including $155 for employee terminations, $196 for asset impairments and $89 for exit and other costs. The impaired assets include property, plant and equipment held for sale and within our European distribution operations of EFMG. Exit and other expenses are mainly lease continuation obligations, net of estimated sub-lease rents, property taxes and other holding costs related to closed facilities through the estimated date of sale or sub-lease, and costs to prepare facilities for sale or closure. We charged cost of sales for $85 of these expenses, including $38 for inventory impairment resulting from our decision to close certain plants and warehouses and $47 of other charges, including warranty provisions related to acquired products now discontinued and provisions for unsalvageable customer returns related to the rationalization of our aftermarket operations. Net earnings in the fourth quarter were impacted by $284.

For the year ended December 31, 2001, we recorded total expenses of $476, including $390 charged to restructuring expense and $86 charged to cost of sales, in connection with our restructuring actions.

In 2002, we announced additional facility closures under the October 2001 plan, bringing the total number of facilities slated for closure to 39. As of December 31, 2002, 28 of the 39 facilities were closed with the remaining 11 scheduled for closure in 2003 or early 2004. Through the facility closures and divestitures undertaken in connection with the October 2001 plan, we reduced the workforce by about 10,000 people (13%) from October 2001 through the end of 2002.

In connection with these restructuring activities, we recorded restructuring expenses of $207 in 2002, including $101 for employee termination benefits and the impact on pension and postretirement healthcare programs; $20 for asset impairment related to property, plant and equipment of closed facilities; and $86 for exit and other expenses, including lease continuation expense, property taxes and other holding costs, costs of preparing properties for closure or sale and costs of moving equipment and people in connection with consolidating operations and outsourcing non-core production. We also charged cost of sales for $36 of inventory impairment and nonsalvageable returns related to discontinued lines of business. In total, we recorded charges of $243 which reduced net income by $163 in 2002.

During 2003, we made substantial progress toward the completion of our previously announced plans, including the closure of seven locations, reduction of people and relocation of equipment. In connection with these efforts, we recorded $9 for employee termination benefits and $17 for exit costs,

including the cost of relocating people, transferring equipment and maintaining buildings held for sale. We also recorded charges of $8 on the sale of production equipment and to recognize impairment of a former warehouse facility that was vacated in connection with our restructuring activities and is now being held for sale. As discussed below, we reduced accruals relating to certain restructuring initiatives because we determined, following certain plan modifications, that recorded estimates exceeded the amounts necessary to complete the remaining restructuring activities. The most significant reversal related to our Lugoff, South Carolina commercial vehicle facility. Closure of the facility was announced in 2002 as a result of our loss of business at this facility; we recorded restructuring charges of $18 at that time. During the third quarter of 2003, we modified our plans and announced the closure of our Montgomery, Alabama commercial vehicle facility and the relocation of most of the manufacturing and assembly activities currently performed at Montgomery to our Lugoff facility. As a result of the decision to move the Montgomery operation to Lugoff, we reversed $16 of the $18 charge taken in 2002 for the Lugoff closure and recognized a $6 restructuring charge related to the Montgomery facility closure. During 2003, the adjustment of accruals determined to be in excess of remaining requirements totaled $27. On a net basis, restructuring provisions and adjustments resulted in a pre-tax charge of $7 in 2003. Separately, we credited pre-tax gains of $4 that resulted from the sale of impaired assets to restructuring expense in 2003.

The following summarizes the restructuring charges and activity for all restructuring programs recorded in the last three years:

| | Employee Termination Benefits | Long-Lived Asset Impairment | Exit Costs | Total |
|---|---|---|---|---|
| Balance at December 31, 2000 | $ 93 | $ 0 | $ 20 | $ 113 |
| Activity during the year | | | | |
| Charges to expense | 171 | 166 | 53 | 390 |
| Cash payments | (58) | | (20) | (78) |
| Write-off of assets | | (166) | | (166) |
| Balance at December 31, 2001 | $206 | $ 0 | $ 53 | $ 259 |
| Activity during the year | | | | |
| Charges to expense | 101 | 20 | 86 | 207 |
| Cash payments | (67) | | (75) | (142) |
| Write-off of assets | | (20) | | (20) |
| Transfers of balances | (59) | | | (59) |
| Balance at December 31, 2002 | 181 | 0 | 64 | 245 |
| **Activity during the year** | | | | |
| **Charges to expense** | **9** | **8** | **17** | **34** |
| **Adjustments of accruals** | **(16)** | | **(11)** | **(27)** |
| **Cash payments** | **(93)** | | **(52)** | **(145)** |
| **Write-off of assets** | | **(8)** | | **(8)** |
| **Balance at December 31, 2003** | **$ 81** | **$ 0** | **$ 18** | **$ 99** |

The transfers of balances involve accruals related to curtailment or settlement of pension and postretirement healthcare or to probable liabilities under workers' compensation and similar programs, which were based on actuarially determined amounts. Because it is not practicable to isolate the related payments, which could occur over an extended period of time, we have transferred these accruals from our restructuring accrual to the related liabilities.

The above amounts include activities within our discontinued operations. Restructuring expenses now included on the loss from discontinued operations line in the consolidated statement of income totaled $4 in 2003, $49 in 2002 and $114 in 2001, before related tax benefits.

Employee terminations relating to the plans within our continuing operations were as follows:

| | **2003** | 2002 | 2001 |
|---|---|---|---|
| Total estimated | **251** | 3,222 | 7,690 |
| Less terminated: | | | |
| 2001 | | | (3,571) |
| 2002 | | (1,304) | (3,545) |
| 2003 | **(120)** | (1,190) | (395) |
| **Balance at December 31, 2003** | **131** | **728** | **179** |

At December 31, 2003, $99 of restructuring charges remained in accrued liabilities. This balance was comprised of $82 for the reduction of approximately 1,050 employees to be completed in 2004 and $17 for lease terminations and other exit costs. The estimated annual cash expenditures will be approximately $78 in 2004, $14 in 2005 and $7 thereafter. Our liquidity and cash flows will be materially impacted by these actions. It is anticipated that our operations over the long term will further benefit from these realignment strategies through reduction of overhead and certain material costs.

## Note 24. Noncash Investing and Financing Activities

In leveraged leases, the issuance of nonrecourse debt financing and subsequent repayments thereof are transacted directly between the lessees and the lending parties to the transactions. Nonrecourse debt issued to finance leveraged leases was $163 in 2001; nonrecourse debt obligations repaid were $226 in 2003, $279 in 2002 and $76 in 2001.

Table of Contents

# DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

## SCHEDULE II(a) — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

## ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

| | Balance at beginning of period | Additions charged to income | Trade accounts receivable "written off" net of recoveries | Adjustments arising from change in currency exchange rates and other items | Balance at end of period |
|---|---|---|---|---|---|
| **Year ended —** | | | | | |
| December 31, 2001 | $41,970,000 | $25,899,984 | $(21,338,232) | $(1,471,718) | $45,060,034 |
| December 31, 2002 | 45,060,034 | 26,751,000 | (27,332,000) | (4,930,034) | 39,549,000 |
| December 31, 2003 | 39,549,000 | 7,531,000 | (14,223,000) | 5,044,000 | 37,901,000 |

## DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

## SCHEDULE II(b) — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

## ALLOWANCE FOR CREDIT LOSSES — LEASE FINANCING

| | Balance at beginning of period | Amounts charged (credited) to income(1) | Amounts "written off" net of recoveries | Adjustments arising from change in currency exchange rates and other items(1) | Balance at end of period |
|---|---|---|---|---|---|
| **Year ended —** | | | | | |
| December 31, 2001 | $42,696,000 | $(10,324,000) | $(1,151,000) | $ (7,000) | $31,214,000 |
| December 31, 2002 | 31,214,000 | 3,739,000 | (1,044,000) | 52,000 | 33,961,000 |
| December 31, 2003 | 33,961,000 | 126,000 | (8,017,000) | 49,000 | 26,119,000 |

(1) During 2001, the factors used to estimate future credit losses related to lease financing receivables were refined to more accurately reflect the past history of credit losses and the inherent risks of the portfolio. The allowance for credit losses was reduced as a result of the refinement, resulting in a net credit provision for credit losses on lease financing receivables for the year ended December 31, 2001.

## DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

## SCHEDULE II(c) — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

## VALUATION ALLOWANCE FOR DEFERRED TAX ASSETS

| | Balance at beginning of period | Net additions charged to income | Reductions due to utilization or expiration | Adjustments arising from change in currency exchange rates and other items | Balance at end of period |
|---|---|---|---|---|---|
| **Year ended —** | | | | | |
| December 31, 2001 | $102,100,000 | $ 25,500,000 | | | $127,600,000 |
| December 31, 2002 | 127,600,000 | 415,400,000 | $ (5,300,000) | | 537,700,000 |
| December 31, 2003 | 537,700,000 | 135,883,000 | (69,604,000) | $5,119,000 | 609,098,000 |

## DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

## SCHEDULE II(d) — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

## ALLOWANCE FOR LOAN LOSSES

| | Balance at beginning of period | Additions charged to expense | Write-Off | Write-Off Recoveries | Balance at end of period |
|---|---|---|---|---|---|
| **Year ended —** | | | | | |
| December 31, 2001 | $7,861,000 | $2,818,000 | $(6,464,000) | $ 10,000 | $4,225,000 |
| December 31, 2002 | 4,225,000 | 1,039,000 | (2,337,000) | 477,000 | 3,404,000 |
| December 31, 2003 | 3,404,000 | | (137,000) | | 3,267,000 |

Table of Contents

## Unaudited Quarterly Financial Information*

| | For the Year ended December 31, 2003 | | | | | | |
|---|---|---|---|---|---|---|---|
| | March 31 | | June 30 | | September 30 | | December 31 |
| | Reported | Restated | Reported | Restated | Reported | Restated | Reported |
| Net Sales | $2,442 | $1,976 | $2,541 | $2,012 | $2,410 | $1,880 | $2,050 |
| Gross Profit | 259 | 173 | 265 | 174 | 245 | 144 | 180 |
| Net Income (Loss) | | | | | | | |
| Continuing Operations | 46 | 36 | 55 | 46 | 61 | 37 | 56 |
| Discontinued Operations | (5) | 5 | (3) | 6 | | 24 | 12 |
| Effect of Change in Accounting | | | | | | | |
| Net Income (Loss) | $ 41 | $ 41 | $ 52 | $ 52 | $ 61 | $ 61 | $ 68 |
| Net Income (Loss) per share | | | | | | | |
| Basic | | | | | | | |
| Continuing Operations | $ 0.31 | $ 0.25 | $ 0.38 | $ 0.31 | $ 0.41 | $ 0.25 | $ 0.37 |
| Discontinued Operations | (0.03) | 0.03 | (0.03) | 0.04 | | 0.16 | 0.08 |
| Effect of Change in Accounting | | | | | | | |
| Net Income (Loss) | $ 0.28 | $ 0.28 | $ 0.35 | $ 0.35 | $ 0.41 | $ 0.41 | $ 0.45 |
| Fully Diluted | | | | | | | |
| Continuing Operations | $ 0.31 | $ 0.25 | $ 0.38 | $ 0.31 | $ 0.41 | $ 0.25 | $ 0.37 |
| Discontinued Operations | (0.03) | 0.03 | (0.03) | 0.04 | | 0.16 | 0.08 |
| Effect of Change in Accounting | | | | | | | |
| Net Income (Loss) | $ 0.28 | $ 0.28 | $ 0.35 | $ 0.35 | $ 0.41 | $ 0.41 | $ 0.45 |

| | For the Year ended December 31, 2002 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | March 31 | | June 30 | | September 30 | | December 31 | |
| | Reported | Restated | Reported | Restated | Reported | Restated | Reported | Restated |
| Net Sales | $2,321 | $1,837 | $2,576 | $2,035 | $2,356 | $1,839 | $2,251 | $1,790 |
| Gross Profit | 267 | 175 | 321 | 200 | 253 | 169 | 237 | 153 |
| Net Income (Loss) | | | | | | | | |
| Continuing Operations | (13) | (16) | 58 | 41 | (1) | (17) | 14 | (2) |
| Discontinued Operations | 4 | 7 | (6) | 11 | 5 | 21 | (23) | (7) |
| Effect of Change in Accounting | (220) | (220) | | | | | | |
| Net Income (Loss) | $ (229) | $ (229) | $ 52 | $ 52 | $ 4 | $ 4 | $ (9) | $ (9) |
| Net Income (Loss) per share | | | | | | | | |
| Basic | | | | | | | | |
| Continuing Operations | $ (0.09) | $ (0.11) | $ 0.39 | $ 0.27 | $ (0.01) | $ (0.12) | $ 0.09 | $ (0.01) |
| Discontinued Operations | 0.03 | 0.05 | (0.04) | 0.08 | 0.03 | 0.14 | (0.15) | (0.05) |
| Effect of Change in Accounting | (1.48) | (1.48) | | | | | | |
| Net Income (Loss) | $ (1.54) | $ (1.54) | $ 0.35 | $ 0.35 | $ 0.02 | $ 0.02 | $ (0.06) | $ (0.06) |
| Fully Diluted | | | | | | | | |
| Continuing Operations | $ (0.09) | $ (0.11) | $ 0.39 | $ 0.27 | $ (0.01) | $ (0.12) | $ 0.09 | $ (0.01) |
| Discontinued Operations | 0.03 | 0.05 | (0.04) | 0.08 | 0.03 | 0.14 | (0.15) | (0.05) |
| Effect of Change in Accounting | (1.48) | (1.48) | | | | | | |
| Net Income (Loss) | $ (1.54) | $ (1.54) | $ 0.35 | $ 0.35 | $ 0.02 | $ 0.02 | $ (0.06) | $ (0.06) |

* *The information presented for 2002 and the first three quarters of 2003 has been restated to reflect the treatment of certain businesses as discontinued operations. See Note 21 — Discontinued Operations for additional information.*

In the first quarter of 2002, we adopted SFAS No. 142, which requires annual impairment testing for goodwill in lieu of amortization. In connection with this testing, we recorded a goodwill impairment charge of $289, which impacted net earnings by $220 ($1.48 per share). We also continued to execute our October 2001 restructuring plans during the quarter, including the announcement of six plant closings and permanent workforce reductions at other locations. Expenses accrued as a result of these actions amounted to $46, which had a $37 ($0.24 per share) impact on net earnings.

In the second quarter we announced the closing of eight additional facilities and further reductions in our permanent workforce, resulting in a pre-tax charge of $63 ($42 after taxes). These charges were partially offset by a $27 after-tax gain on the sale of selected subsidiaries of Dana Credit Corporation. The combined impact on earnings was an expense of $15, or $0.10 per share.

The third quarter of 2002 brought continued restructuring charges for employee termination benefits ($20), exit costs ($10) and asset impairments ($5). We also charged $17 of inventory impairment to cost of sales, for a total charge of $52 before taxes, resulting in a $40 ($0.28 per share) reduction in net income for the quarter.

In the fourth quarter, we completed the sale of the majority of our Boston Weatherhead industrial hose and fitting operations, the divestiture of Tekonsha Engineering Company, Theodore Bargman Company and American Electronic Components, Inc. and the sale of FTE. We recognized a net $26 nonrecurring after-tax gain on these divestitures. Additionally, we recorded a $38 impairment charge ($23 after-tax) in connection with classifying our Engine Management aftermarket operations as held for sale. We also recorded after-tax restructuring charges of $44 during the quarter. Net income for the quarter was adversely affected by $41 (28 cents per share).

In the first quarter of 2003, we continued the sale of DCC assets, realizing an after-tax gain of $10 or $0.07 per share. We also made additional progress toward the completion of our restructuring plans, and accrued $6 for the cost of relocating people and equipment and maintaining buildings held for sale. Offsetting this charge was a reversal of $6 relating to other certain restructuring activities as the accruals exceeded the amounts necessary to complete the remaining activities in our restructuring plan.

In the second quarter, we sold our Thailand structural products subsidiary, realizing an after-tax gain of $8. The continuing sale of additional DCC businesses and assets resulted in an after-tax gain of $7 during the period. We also recorded $6 of additional charges and $4 of related tax benefits in discontinued operations in connection with the completion of the sale of a significant portion of our Engine Management businesses. Finally, we recorded charges of $2 for certain restructuring activities and recorded income tax benefits in our FTE brake actuator business in Germany in connection with the favorable resolution of certain tax issues. The net result of these items was a gain of $11 ($0.08 per share) for the quarter.

During the third quarter the sale of DCC's portfolio assets generated a $9 after-tax gain. We realized an additional $9 after-tax gain from the repurchase of several notes payable prior to maturity. The combined effect of these items was $18, or 12 cents per share. On July 9, Delta Acquisition Corp., a subsidiary of ArvinMeritor Inc. commenced a cash tender offer for all of the outstanding shares of our common stock at an offer price of $15.00 per share. A number of related legal actions were filed in connection with this offer.

During the final quarter of 2003, ArvinMeritor Inc. raised its tender offer to $18 per share, and later terminated the offer. We also announced our intention to divest our Automotive Aftermarket operations. Sale of DCC assets provided after-tax gains of $8, with adjustments relating to prior divestitures resulting in an after-tax charge of $2.

**Item 9 — *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***

- -None-

**Item 9A — *Controls and Procedures***

*Disclosure Controls and Procedures* — Our Acting President and Chief Operating Officer (our principal executive officer) and Chief Financial Officer (CFO) have evaluated Dana's disclosure controls and procedures, as defined in the SEC rules, as of the end of the year ended December 31, 2003, and have concluded that such controls and procedures are effective in providing reasonable assurance that material information relating to Dana and its consolidated subsidiaries was made known to them during the period covered by this report.

*Internal Controls* — Our Acting President and Chief Operating Officer and CFO are responsible for the accuracy of the financial information that is presented in this report. To meet their responsibility for financial reporting, they have established internal control procedures which they believe are adequate to provide reasonable assurance that Dana's financial statements are reliable and prepared in accordance with generally accepted accounting principles in the United States and that the company's assets are protected from loss. These procedures are reviewed by Dana's internal auditors in order to monitor compliance and by the independent auditors as necessary to support their audit work. In addition, our Audit Committee, which is composed entirely of independent directors, meets regularly with management, our internal auditors and the independent auditors to review accounting, auditing and financial matters. The Audit Committee and the independent auditors have free access to each other, with or without management being present.

In the fourth quarter of 2003, we continued our review of our internal control documentation in preparation for the management report on internal control over financial reporting and the accompanying independent auditors' attestation report that will be a part of our annual report on Form 10-K for the year ended December 31, 2004.

There were no changes in Dana's internal controls over financial reporting identified in connection with the evaluation by the Acting President and Chief Operating Officer and CFO that occurred during the fourth quarter of 2003 that materially affected or are reasonably likely to materially affect Dana's internal controls over financial reporting.

# PART III

## Item 10 — *Directors and Executive Officers of the Registrant*

You can find general information about our directors and nominees under “Election of Directors” in our 2004 Proxy Statement and information about our executive officers in Part I, Item 1 of this annual report.

You can find information about the filing of reports by our directors, executive officers and 10% stockholders under Section 16(a) of the Exchange Act under “Section 16(a) Beneficial Ownership Reporting Compliance” in our 2004 Proxy Statement.

## Item 11 — *Executive Compensation*

You can find information about executive compensation in the following sections of our 2004 Proxy Statement: “The Board and its Committees,” “Executive Compensation” and “Compensation Committee Report on Executive Compensation.”

You can find information about our stock performance under “Comparison of Five-Year Cumulative Total Return” in our 2004 Proxy Statement.

## Item 12 — *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

You can find information about securities authorized for issuance under our equity compensation plans under “Equity Compensation Plans” in our 2004 Proxy Statement and information about the stock ownership of our directors, director-nominees, executive officers and more than 5% beneficial owners under “Stock Ownership” in our 2004 Proxy Statement.

## Item 13 — *Certain Relationships and Related Transactions*

You can find information about transactions between Dana and our directors, director-nominees, executive officers and 5% stockholders under “Other Transactions” in our 2004 Proxy Statement.

## Item 14 — *Principal Accountant Fees and Services*

You can find information about services rendered to Dana and fees paid to PricewaterhouseCoopers LLP under “Independent Auditors’ Fees” in our 2004 Proxy Statement.

# PART IV

## Item 15 — *Exhibits, Financial Statement Schedules, and Reports on Form 8-K*

| | | | 10-K Pages |
|---|---|---|---|
| (a) The following documents are filed or furnished as part of this report: | | | |
| | (1) | Consolidated Financial Statements: | |
| | | Report of Independent Auditors | 37 |
| | | Consolidated Statement of Income for each of the three years in the period ended December 31, 2003 | 38 |
| | | Consolidated Balance Sheet at December 31, 2002 and 2003 | 39 |
| | | Consolidated Statement of Cash Flows for each of the three years in the period ended December 31, 2003 | 40 |
| | | Consolidated Statement of Shareholders' Equity for each of the three years in the period ended December 31, 2003 | 41 |
| | | Notes to Consolidated Financial Statements | 42-82 |
| | | Unaudited Quarterly Financial Information | 87-88 |
| | (2) | Financial Statement Schedule: | |
| | | Valuation and Qualifying Accounts and Reserves (Schedule II) | 83-86 |
| | | All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto. | |
| | (3) | Exhibits listed in the "Exhibit Index" | |
| | | Exhibits Nos. 10-A through 10-L are management contracts or compensatory plans or arrangements required to be filed pursuant to Item 15(c) of this report. | |
| (b) During the fourth quarter of 2003, we filed the following reports on Form 8-K: | | | |
| | (1) | A report on Form 8-K dated October 24, 2003, furnishing a slide presentation intended to be used by Dana's Acting Chief Operating Officer, William J. Carroll, and Chief Financial Officer, Robert C. Richter, in a conference call scheduled for that date and a press release issued on that date regarding Dana's earnings for the fiscal quarter and nine months ended September 30, 2003. | |
| | (2) | A report on Form 8-K dated December 3, 2003, furnishing a copy of a press release issued on that date announcing Dana's intention to divest substantially all of its Automotive Aftermarket Group and comments of Chief Financial Officer, Robert C. Richter, regarding the potential impact of the contemplated transaction on Dana's earnings guidance for 2004. | |

Table of Contents

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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: February 25, 2004

By: /s/ MICHAEL L. DEBACKER

Michael L. DeBacker,
*Vice President*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

| | |
|---|---|
| Date: February 25, 2004 | /s/ WILLIAM J. CARROLL<br>-----------------------------------------------<br>William J. Carroll, Acting President and Chief Operating Officer |
| Date: February 25, 2004 | /s/ ROBERT C. RICHTER<br>-----------------------------------------------<br>Robert C. Richter, Chief Financial Officer |
| Date: February 25, 2004 | /s/ RICHARD J. WESTERHEIDE<br>-----------------------------------------------<br>Richard J. Westerheide, Chief Accounting Officer |
| Date: February 25, 2004 | * /s/ B.F. BAILAR<br>-----------------------------------------------<br>B.F. Bailar, Director |
| Date: February 25, 2004 | * /s/ A.C. BAILLIE<br>-----------------------------------------------<br>A.C. Baillie, Director |
| Date: February 25, 2004 | * /s/ E.M. CARPENTER<br>-----------------------------------------------<br>E.M. Carpenter, Director |
| Date: February 25, 2004 | * /s/ E. CLARK<br>-----------------------------------------------<br>E. Clark, Director |
| Date: February 25, 2004 | * /s/ C.W. GRISÉ<br>-----------------------------------------------<br>Cheryl W. Grisé, Director |
| Date: February 25, 2004 | * /s/ G.H. HINER<br>-----------------------------------------------<br>G.H. Hiner, Director |
| Date: February 25, 2004 | * /s/ J.P. KELLY<br>-----------------------------------------------<br>J.P. Kelly, Director |

| | |
|---|---|
| Date: February 25, 2004 | * /s/ M.R. MARKS<br>-----------------------------------------------<br>M.R. Marks, Director |
| Date: February 25, 2004 | * /s/ R.B. PRIORY<br>-----------------------------------------------<br>R.B. Priory, Director |
| Date: February 25, 2004 | * /s/ F.M. SENDEROS<br>-----------------------------------------------<br>F.M. Senderos, Director |
| Date: February 25, 2004 | *By: /s/ MICHAEL L. DEBACKER<br>Michael L. DeBacker, Attorney-in-Fact |

## EXHIBIT INDEX

| No. | Description | Method of Filing |
|---|---|---|
| 3-A | Restated Articles of Incorporation | Filed by reference to Exhibit 3-A to our Form 10-Q for the quarter ended June 30, 1998 |
| 3-B | By-Laws, amended effective March 1, 2004 | Filed with this Report |
| 4-A | Specimen Single Denomination Stock Certificate | Filed by reference to Exhibit 4-B to our Registration Statement No. 333-18403 filed December 20, 1996 |
| 4-B | Rights Agreement, dated as of April 25, 1996, between Dana and The Bank of New York, Rights Agent, as successor to ChemicalMellon Shareholder Services, L.L.C. | Filed by reference to Exhibit 1 to our Form 8-A filed May 1, 1996 |
| 4-C | Indenture for Senior Securities between Dana and Citibank, N.A., Trustee, dated as of December 15, 1997 | Filed by reference to Exhibit 4-B to our Registration Statement No. 333-42239 filed December 15, 1997 |
| 4-D | First Supplemental Indenture between Dana, as Issuer, and Citibank, N.A., Trustee, dated as of March 11, 1998 | Filed by reference to Exhibit 4-B-1 to our Report on Form 8-K dated March 12, 1998 |
| 4-E | Form of 6.5% Notes due March 15, 2008 and 7.00% Notes due March 15, 2028 | Filed by reference to Exhibit 4-C-1 to our Report on Form 8-K dated March 12, 1998 |
| 4-F | Second Supplemental Indenture between Dana, as Issuer, and Citibank, N.A., Trustee, dated as of February 26, 1999 | Filed by reference to Exhibit 4.B.1 to our Form 8-K dated March 2, 1999 |
| 4-G | Form of 6.25% Notes due 2004, 6.5% Notes due 2009, and 7.0% Notes due 2029 | Filed by reference to Exhibit 4.C.1 to our Form 8-K dated March 2, 1999 |
| 4-H | Issuing and Paying Agent Agreement between Dana Credit Corporation (DCC), as Issuer, and Bankers Trust Company, Issuing and Paying Agent, dated as of December 6, 1999, with respect to DCC's $500 million medium-term notes program | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-I | Note Agreement dated April 8, 1997, by and between Dana Credit Corporation and Metropolitan Life Insurance Company for 7.18% notes due April 8, 2006, in the principal amount of $37 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-J | Note Agreement dated April 8, 1997, by and between Dana Credit Corporation and Texas Life Insurance Company for 7.18% notes due April 8, 2006, in the principal amount of $3 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-K | Note Agreement dated April 8, 1997, by and between Dana Credit Corporation and Nationwide Life Insurance Company for 6.93% notes due April 8, 2006, in the principal amount of $35 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |

| No. | Description | Method of Filing |
| --- | --- | --- |
| 4-L | Note Agreement dated April 8, 1997, by and between Dana Credit Corporation and The Great-West Life & Annuity Insurance Company for 7.03% notes due April 8, 2006, in the aggregate principal amount of $13 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-M | Note Agreement dated April 8, 1997, by and between Dana Credit Corporation and The Great-West Life Assurance Company for 7.03% notes due April 8, 2006, in the principal amount of $7 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-N | Note Agreements (three) dated August 28, 1997, by and between Dana Credit Corporation and Connecticut General Life Insurance Company for 6.79% notes due August 28, 2004, in the aggregate principal amount of $16 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-O | Note Agreement dated August 28, 1997, by and between Dana Credit Corporation and Life Insurance Company of North America for 6.79% notes due August 28, 2004, in the principal amount of $4 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-P | Note Agreement dated August 28, 1997, by and between Dana Credit Corporation and The Northwestern Mutual Life Insurance Company for 6.88% notes due August 28, 2006, in the principal amount of $20 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-Q | Note Agreements (four) dated August 28, 1997, by and between Dana Credit Corporation and Sun Life Assurance Company of Canada for 6.88% notes due August 28, 2006, in the aggregate principal amount of $9 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-R | Note Agreement dated August 28, 1997, by and between Dana Credit Corporation and Massachusetts Casualty Insurance Company for 6.88% notes due August 28, 2006, in the principal amount of $1 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-S | Note Agreements (four) dated December 18, 1998, by and between Dana Credit Corporation and Sun Life Assurance Company of Canada for 6.59% notes due December 1, 2007, in the aggregate principal amount of $12 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-T | Note Agreements (five) dated December 18, 1998, by and between Dana Credit Corporation and The Lincoln National Life Insurance Company for 6.59% notes due December 1, 2007, in the aggregate principal amount of $25 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |

| No. | Description | Method of Filing |
|---|---|---|
| 4-U | Note Agreement dated December 18, 1998, by and between Dana Credit Corporation and The Northwestern Mutual Life Insurance Company for 6.48% notes due December 1, 2005, in the principal amount of $15 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-V | Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and Connecticut General Life Insurance Company for 7.91% notes due August 16, 2006, in the principal amount of $15 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-W | Note Agreements (two) dated August 16, 1999, by and between Dana Credit Corporation and The Northwestern Mutual Life Insurance Company for 7.91% notes due August 16, 2006, in the aggregate principal amount of $15 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-X | Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and Allstate Life Insurance Company for 7.58% notes due August 16, 2004, in the principal amount of $10 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-Y | Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and Allstate Insurance Company for 7.58% notes due August 16, 2004, in the principal amount of $5 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-Z | Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and New York Life Insurance and Annuity Corporation Institutionally Owned Life Insurance Separate Account for 7.58% notes due August 16, 2004, in the principal amount of $5 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-AA | Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and New York Life Insurance and Annuity Corporation for 7.58% notes due August 16, 2004, in the principal amount of $10 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-BB | Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and Principal Life Insurance Company for 7.58% notes due August 16, 2004, in the principal amount of $30 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-CC | Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and First Trenton Indemnity Company for 7.58% notes due August 16, 2004, in the principal amount of $2.5 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-DD | Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and Travelers Casualty and Surety Company for 7.58% notes due August 16, 2004, in the principal amount of $10 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |

| No. | Description | Method of Filing |
|---|---|---|
| 4-EE | Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and The Travelers Insurance Company for 7.58% notes due August 16, 2004, in the principal amount of $2.5 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-FF | Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and Allstate Life Insurance Company for 7.42% notes due December 15, 2004, in the principal amount of $14 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-GG | Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and Columbia Universal Life Insurance Co. for 7.42% notes due December 15, 2004, in the principal amount of $1 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-HH | Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and The Northwestern Mutual Life Insurance Company for 7.42% notes due December 15, 2004, in the principal amount of $14 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-II | Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and The Northwestern Mutual Life Insurance Company for its Group Annuity Separate Account for 7.42% notes due December 15, 2004, in the principal amount of $1 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-JJ | Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and Pacific Life and Annuity Company for 7.42% notes due December 15, 2004, in the principal amount of $5 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-KK | Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and United Life Insurance Company for 7.42% notes due December 15, 2004, in the principal amount of $3 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-LL | Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and Companion Life Insurance Company for 7.42% notes due December 15, 2004, in the principal amount of $2 million | This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request. |
| 4-MM | Indenture between Dana, as Issuer, and Citibank, N.A., as Trustee and as Registrar and Paying Agent for the Dollar Securities, and Citibank, N.A., London Branch, as Registrar and a Paying Agent for the Euro Securities, dated as of August 8, 2001, relating to $575 million of 9% Notes due August 15, 2011 and €200 million of 9% Notes due August 15, 2011 | Filed by reference to Exhibit 4-I to our Form 10-Q for the quarter ended June 30, 2001 |

| No. | Description | Method of Filing |
| --- | --- | --- |
| 4-MM(1) | Form of Rule 144A Dollar Global Notes, Rule 144A Euro Global Notes, Regulation S Dollar Global Notes, and Regulation S Euro Global Notes (form of initial securities) | Filed by reference to Exhibit A to Exhibit 4-I to our Form 10-Q for the quarter ended June 30, 2001 |
| 4-MM(2) | Form of Rule 144A Dollar Global Notes, Rule 144A Euro Global Notes, Regulation S Dollar Global Notes, and Regulation S Euro Global Notes (form of exchange securities) | Filed by reference to Exhibit B to Exhibit 4-I to our Form 10-Q for the quarter ended June 30, 2001 |
| 4-NN | Indenture between Dana, as Issuer, and Citibank, N.A., as Trustee, Registrar and Paying Agent, dated as of March 11, 2002, relating to $250 million of 10 1/8% Notes due March 15, 2010 | Filed by reference to Exhibit 4-NN to our Form 10-Q for the quarter ended March 31, 2002 |
| 4-NN(1) | Form of Rule 144A Global Notes and Regulation S Global Notes (form of initial securities) | Filed by reference to Exhibit 4-NN(1) to our Form 10-Q for the quarter ended March 31, 2002 |
| 4-NN(2) | Form of Rule 144A Global Notes and Regulation S Global Notes (form of exchange securities) | Filed by reference to Exhibit 4-NN(2) to our Form 10-Q for the quarter ended March 31, 2002 |
| 10-A | Additional Compensation Plan | Filed by reference to Exhibit A to our Proxy Statement dated March 3, 2000 |
| 10-A(1) | First Amendment to Additional Compensation Plan | Filed by reference to Exhibit 10-A(1) to our Form 10-Q for the quarter ended June 30, 2002 |
| 10-A(2) | Second Amendment to Additional Compensation Plan | Filed by reference to Exhibit 10-A(2) to our Form 10-Q for the quarter ended March 31, 2003 |
| 10-A(3) | Second Amendment *(sic)* to Additional Compensation Plan | Filed with this Report |
| 10-B | Amended and Restated Stock Incentive Plan | Filed by reference to Exhibit B to our Proxy Statement dated March 5, 2003 |
| 10-B(1) | First Amendment to Amended And Restated Stock Incentive Plan | Filed with this Report |
| 10-C | Excess Benefits Plan | Filed by reference to Exhibit 10-F to our Form 10-K for the year ended December 31, 1998 |
| 10-C(1) | First Amendment to Excess Benefits Plan | Filed by reference to Exhibit 10-C(1) to our Form 10-Q for the quarter ended September 30, 2000 |
| 10-C(2) | Second Amendment to Excess Benefits Plan | Filed by reference to Exhibit 10-C(2) to our Form 10-Q for the quarter ended June 30, 2002 |
| 10-C(3) | Third Amendment to Excess Benefits Plan | Filed with this Report |
| 10-C(4) | Fourth Amendment to Excess Benefits Plan | Filed with this Report |
| 10-D | Director Deferred Fee Plan, as amended and restated | Filed by reference to Exhibit C to our Proxy Statement dated March 5, 2003 |
| 10-E(1) | Employment Agreement between Dana and W.J. Carroll | Filed with this Report |
| 10-E(2) | Employment Agreement between Dana and M.J. Burns | Filed with this Report |

| No. | Description | Method of Filing |
| --- | --- | --- |
| 10-F(1) | Change of Control Agreement between Dana and M. J. Burns | Filed with this Report |
| 10-F(2) | Form of Change of Control Agreement between Dana and W.J. Carroll, B.N. Cole, M.A. Franklin, J.M. Laisure, R.C. Richter and four other Dana officers | Filed with this Report |
| 10-G(1) | Collateral Assignment Split-Dollar Insurance Agreement for Universal Life Policies between Dana and J.M. Magliochetti; there are substantially similar agreements with W.J. Carroll, M.A. Franklin and two other Dana officers | Filed by reference to Exhibit 10-G to our Form 10-K for the year ended December 31, 2001 |
| 10-H | Supplemental Benefits Plan | Filed by reference to Exhibit 10-H to our Form 10-Q for the quarter ended September 30, 2002 |
| 10-H(1) | First Amendment to Supplemental Benefits Plan | Filed with this Report |
| 10-I | 1999 Restricted Stock Plan, as amended and restated | Filed by reference to Exhibit A to our Proxy Statement dated March 5, 2002 |
| 10-I(1) | First Amendment to 1999 Restricted Stock Plan, as amended and restated | Filed with this Report |
| 10-J | 1998 Directors’ Stock Option Plan | Filed by reference to Exhibit A to our Proxy Statement dated February 27, 1998 |
| 10-J(1) | First Amendment to 1998 Directors’ Stock Option Plan | Filed by reference to Exhibit 10-J(1) to our Form 10-Q for the quarter ended June 30, 2002 |
| 10-K | Supplementary Bonus Plan | Filed by reference to Exhibit 10-N to our Form 10-Q for the quarter ended June 30, 1995 |
| 10-L | Dana Corporation Change of Control Severance Plan | Filed with this Report |
| 21 | Subsidiaries of Dana | Filed with this Report |
| 23 | Consent of PricewaterhouseCoopers LLP | Filed with this Report |
| 24 | Power of Attorney | 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 3-B

# BY-LAWS OF DANA CORPORATION

## ARTICLE I. EFFECTIVE DATE

SECTION 1.1. EFFECTIVE DATE. These By-Laws are adopted by the Board of Directors (the "Board") of Dana Corporation ("Dana") effective March 1, 2004.*
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## ARTICLE II. OFFICES

SECTION 2.1. REGISTERED OFFICE. Dana's registered office shall be located at Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

SECTION 2.2. BUSINESS OFFICE. Dana's principal business office shall be located at 4500 Dorr Street, Toledo, Ohio 43615, with a mailing address of P.O. Box 1000, Toledo, Ohio 43697.

## ARTICLE III. SHAREHOLDER MEETINGS

SECTION 3.1. ANNUAL MEETINGS. Unless the Board fixes a different date, the annual meeting of shareholders of Dana to elect directors and to transact other business (if any) shall be held on the first Wednesday of April each year, at the time and place designated by the Board in the notice of meeting. The Board may postpone or cancel any annual meeting at any time prior to the designated meeting date and time by means of (i) a press release reported by the Dow Jones News, Associated Press or a comparable national news service, or (ii) a document filed with the Securities and Exchange Commission ("SEC") (in either case, a "Public Announcement").

SECTION 3.2. SPECIAL MEETINGS. Special meetings of shareholders may be called by the Board, the Chairman of the Board (the "Chairman"), or the President, to elect directors and/or transact such other business as is described in the notice of meeting, at the date, time and place designated therein. Notice of special meetings shall be given to shareholders in accordance with the Virginia Stock Corporation Act ("Virginia Law"). The Board may postpone or cancel any special meeting at any time prior to the designated meeting date and time by means of a Public Announcement. Only such business as is brought before the special meeting pursuant to Dana's notice of meeting shall be conducted at the meeting.

SECTION 3.3. SHAREHOLDER NOMINATIONS AND PROPOSALS. In submitting nominations for persons to be elected as directors of Dana or proposals for other business to be presented at any shareholder meeting, shareholders shall comply with the following procedures and such other requirements as are imposed by Virginia Law and the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder (the "Exchange Act"):

A. DELIVERY. Shareholder notices shall be addressed and delivered to the Secretary at Dana's principal business office.

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* Changes from the By-Laws in effect prior to March 1, 2004, are underlined herein.

B. TIMELINESS.

I. ANNUAL MEETINGS. Shareholder proposals to be included in Dana's proxy materials for any annual meeting shall be submitted in accordance with the timeliness requirements of the Exchange Act. Other shareholder proposals and shareholder nominations for directors to be voted on at any annual meeting shall be delivered before the close of business on the 90th day before the anniversary date of the prior year's annual meeting, or, if the meeting is called for a date not within 30 days before or after such anniversary date, before the close of business on the 10th day following the date on which the notice of the meeting was mailed or the date on which Dana first made a Public Announcement of the meeting date, whichever occurs first.

II. SPECIAL MEETINGS. Shareholder proposals related to the business to be conducted at any special meeting and shareholder nominations for directors to be voted on at any special meeting at which directors are to be elected shall be delivered before the close of business on the 3rd day following the date on which the notice of the meeting was mailed or the date on which Dana first made a Public Announcement of the meeting date, whichever occurs first.

III. ADJOURNMENTS AND POSTPONEMENTS. A Public Announcement of an adjournment or postponement of an annual or special meeting shall not commence a new time period for the giving of shareholder notices.

C. CONTENTS. Shareholder notices shall contain the names and addresses (as they appear on the records of Dana's transfer agent) of the shareholders and all beneficial owners on whose behalf the nomination or proposal is made, the class and number of Dana shares which are owned of record and beneficially by the shareholders and the beneficial owners, and a representation that the shareholders intend to appear in person or by proxy at the meeting to bring the proposal or nomination before the meeting. In addition, (i) shareholder nominations for directors shall contain the information about the director-nominees and about the nominating shareholders which is required to be disclosed in solicitations of proxies for the election of directors in an election contest or otherwise under the Exchange Act, and (ii) shareholder proposals shall contain a brief description of the proposed business to be presented, the reason for presenting such business at the meeting, and any material interests which the shareholders and the beneficial owners have in such business.

SECTION 3.4. CONDUCT OF MEETINGS.

SECTION 3.4.1. CHAIRMAN AND PROCEDURES. Shareholder meetings shall be chaired by the Chairman of the Board or by such person as he or she may designate. The chairman of the meeting shall determine and announce the rules of procedure for the meeting and shall rule on all procedural questions during the meeting.

SECTION 3.4.2. PROPER NOMINATIONS AND BUSINESS. Nominations for directors and other proposals shall be deemed properly brought before a shareholder meeting only when brought in accordance with Virginia Law, the Exchange Act, and this Article III. The chairman of the meeting shall determine whether each nomination or proposal has been properly brought and shall declare that any improperly brought nomination or proposal be disregarded.

SECTION 3.4.3. ADJOURNMENTS. The chairman of any shareholder meeting, or the holders of a majority of the shares represented at the meeting (whether or not constituting a

quorum), may adjourn the meeting from time to time. No further notice need be given if the adjournment is for a period not exceeding 120 days and the new date, time and place are announced at the adjourned meeting. Otherwise, notice shall be given in accordance with Virginia Law.

## ARTICLE IV. BOARD OF DIRECTORS

SECTION 4.1. AUTHORITY. The business and affairs of Dana shall be managed under the direction of the Board, and all of Dana's corporate powers shall be exercised by or pursuant to the Board's authority.

SECTION 4.2. NUMBER AND TERM OF DIRECTORS. The number of directors of Dana shall be eleven. Each director shall hold office until the next annual meeting of shareholders and the election and qualification of his or her successor, or until his or her earlier retirement, resignation, or removal.

SECTION 4.3. MEETINGS AND NOTICE.

SECTION 4.3.1. REGULAR MEETINGS. The Board shall hold regular meetings at such dates, times and places as it may determine from time to time, and no notice thereof need be given other than such determination. However, if the date, time or place of any regular meeting is changed, notice of the change shall be given to all directors by means of (i) a written notice mailed at least 5 calendar days before the meeting, (ii) a written notice delivered in person, by recognized national courier service, or by telecopy at least 1 business day before the meeting, or (iii) by telephone notification given at least 12 hours before the meeting.

SECTION 4.3.2. SPECIAL MEETINGS. A majority of the directors or the Chairman may call a special meeting of the Board at any date, time and place by causing the Secretary to give notice thereof to each director in the manner provided in Section 4.3.1. Neither the purpose of the meeting nor the business to be transacted need be specified in the notice of meeting, except for proposed amendments to these By-Laws.

SECTION 4.3.3. TELEPHONIC MEETINGS. Members of the Board may participate in any Board meeting by means of conference telephone or similar communications equipment by means of which all meeting participants can hear each other, and such participation shall constitute presence in person at such meeting.

SECTION 4.3.4. WAIVER OF NOTICE. A director may waive any notice of meeting required under Virginia Law, Dana's Articles of Incorporation ("Dana's Articles") or these By-Laws, before or after the date and time set out in the notice, by signed written waiver submitted to the Secretary and filed with the minutes of the meeting. A director's attendance or participation at any meeting shall constitute a waiver of notice unless the director objects, at the beginning of the meeting or promptly upon his or her arrival, to holding the meeting or transacting business at the meeting, and thereafter does not vote on or assent to actions taken at the meeting.

SECTION 4.4. ACTION WITHOUT A MEETING. Any action required or permitted to be taken at a Board meeting may be taken without a meeting if the action is taken by all members of the Board. The action shall be evidenced by one or more written consents, signed by each director either before or after the action is taken. The action shall be effective when the last director signs his or her consent unless the consent specifies a different effective date, in which event the action taken will be effective as of the date specified therein provided that the consent states the date of execution by each director.

SECTION 4.5. QUORUM, BOARD ACTION. A majority of the directors shall constitute a quorum of the Board. If a quorum is present when a vote is taken, the affirmative vote of the majority of directors present shall constitute the act of the Board; provided, that the authorization, approval or ratification of any transaction in which a director has a direct or indirect personal interest shall also be subject to the provisions of Virginia Law.

SECTION 4.6. RESIGNATIONS. A director may resign at any time by giving written notice to the Board, the Chairman, the President or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon delivery and without Board action. A director's resignation shall not affect any contractual rights and obligations of Dana or the director, except as specified in any particular contract.

SECTION 4.7. VACANCIES. The Board shall fill all vacancies, including those resulting from an increase in the number of directors, by majority vote of the remaining directors, whether or not such number constitutes a quorum.

## ARTICLE V. BOARD COMMITTEES

SECTION 5.1. ESTABLISHMENT OF COMMITTEES. The Board may, by amendment to the By-Laws, establish and dissolve Board Committees, and, without amendment to the By-Laws, appoint and change the members and chairmen of the Committees, fill any vacancies on the Committees, and designate another director to act in the place of any Committee member who is absent or disqualified from voting at a Committee meeting. The Board shall adopt, and may amend from time to time, a charter for each Committee setting out the Committee's purpose, organization, responsibilities and authority. Each Committee shall exercise such of the Board's powers as are authorized by the Board, subject to any limitations imposed by Virginia Law.

SECTION 5.2. COMMITTEES. The Board shall have the following Committees, each of which shall have the purpose, organization, responsibilities and authority set out in its charter: Advisory Committee, Audit Committee, Compensation Committee, Finance Committee, Funds Committee and Committee of Independent Directors.

SECTION 5.3. COMMITTEE MEETINGS AND PROCEDURES. Each Committee shall hold regular meetings at such dates, times and places as it may determine from time to time, and no notice thereof need be given other than such determination. Sections 4.3 through 4.5, which govern meetings, notices and waivers of notice, actions without meeting, and quorum and voting requirements for the Board and the directors, shall also apply to the Committees and their members. Each Committee shall keep written records of its proceedings and shall report such proceedings to the Board from time to time as the Board may require.

SECTION 5.4. RESIGNATIONS. A Committee member may resign at any time by giving written notice to the Chairman of the Board. Unless otherwise specified in the notice, the resignation shall take effect upon delivery and without Board action.

## ARTICLE VI. OFFICERS

SECTION 6.1. OFFICES AND ELECTION. The Board shall elect the following officers annually at the first Board meeting following the annual shareholders meeting: the Chairman (who shall be a member of the Board), the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana International, the Chief Financial Officer, the Treasurer, the Secretary, and

such Executive Vice Presidents, Vice Presidents, Assistant Treasurers and Assistant Secretaries as it deems appropriate. Any person may simultaneously hold more than one office. Each officer shall hold office until the election and qualification of his or her successor, or until his or her earlier resignation or removal. Election as an officer shall not, of itself, create any contractual rights in the officer or in Dana, including, without limitation, any rights in the officer for compensation beyond his or her term of office.

SECTION 6.2. REMOVALS AND RESIGNATIONS. Officers shall serve at the pleasure of the Board and may be removed from office by the Board at any time. An officer may resign at any time by giving written notice to the Chairman or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon delivery and without Board action. An officer's resignation shall not affect any contractual rights and obligations of Dana or the officer, except as specified in any particular contract.

SECTION 6.3. DUTIES OF OFFICERS. The officers shall perform the following duties and any others which are assigned by the Board from time to time, are required by Virginia Law, or are commonly incident to their offices:

A. CHAIRMAN OF THE BOARD. The Chairman shall provide leadership to the Board in discharging its functions; shall preside at all meetings of the Board; shall act as a liaison between the Board and Dana's management; and, with the Chief Executive Officer, shall represent Dana to the shareholders, investors and other external groups. If the Chairman is absent or incapacitated, the Chairman of the Advisory Committee shall have his or her powers and duties.

B. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be Dana's principal executive officer, with responsibility for the general management of Dana's business affairs. The Chief Executive Officer shall develop and recommend to the Board long-term strategies for Dana, annual business plans and budgets to support those strategies, and plans for management development and succession that will provide Dana with an effective management team. He or she shall serve as Dana's chief spokesperson to internal and external groups. If the Chief Executive Officer is absent or incapacitated, the President shall have his or her powers and duties.

C. CHIEF OPERATING OFFICER. The Chief Operating Officer shall oversee the management of Dana's day-to-day business in a manner consistent with Dana's financial and operating goals and objectives, continuous improvement in Dana's products and services, and the achievement and maintenance of satisfactory competitive positions within Dana's industries.

D. PRESIDENT. The President shall have such duties as are assigned by the Chief Executive Officer. If the President is absent or incapacitated, the Chairman shall have his or her powers and duties.

E. PRESIDENT-DANA INTERNATIONAL. The President-Dana International shall have such duties as are assigned by the Chairman.

F. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall be responsible for the overall management of Dana's financial affairs.

G. EXECUTIVE VICE PRESIDENTS AND VICE PRESIDENTS. The Executive Vice Presidents and the Vice Presidents shall have such duties as are assigned by the Chairman.

H. TREASURER. The Treasurer shall have charge and custody of Dana's funds and securities and shall receive monies due and payable to Dana from all sources and deposit such monies in banks, trust companies, and depositories as authorized by the Board. If the Treasurer is absent or incapacitated and has not previously designated in writing another person or persons to have his or her powers and duties, any Assistant Treasurer shall have such powers and duties.

I. SECRETARY. The Secretary shall prepare and maintain minutes of all meetings of the Board and of Dana's shareholders; shall assure that notices required by these By-Laws, Dana's Articles, Virginia Law or the Exchange Act are duly given; shall be custodian of Dana's seal (if any) and affix it as required; shall authenticate Dana's records as required; shall keep or cause to be kept a register of the shareholders' names and addresses as furnished by them; and shall have general charge of Dana's stock transfer books. If the Secretary is absent or incapacitated and has not previously designated in writing another person or persons to have his or her powers and duties, any Assistant Secretary shall have such powers and duties.

J. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. The Assistant Treasurers and Assistant Secretaries shall have such duties as are assigned by the Treasurer and the Secretary, respectively.

SECTION 6.4. CONTRACTS AND INSTRUMENTS. Except as limited in Section 6.5 with respect to Dana's guarantees of the indebtedness of subsidiaries, affiliates and third parties, each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana International, the Chief Financial Officer, any Executive Vice President, any Vice President, and the Treasurer shall have the power to enter into, sign (manually or through facsimile), execute, and deliver contracts (including, without limitation, bonds, deeds and mortgages) and other instruments evidencing Dana's rights and obligations on behalf of and in the name of Dana. Except as otherwise provided by law, any of these officers may delegate the foregoing powers to any other officer, employee or attorney-in-fact of Dana by written special power of attorney.

SECTION 6.5. GUARANTEES OF INDEBTEDNESS.

SECTION 6.5.1. DEBT OF WHOLLY OWNED SUBSIDIARIES. Within any limitations set by the Board on total outstanding guarantees for Dana subsidiaries, each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, and the Treasurer shall have the power to approve guarantees by Dana of the indebtedness of direct and indirect wholly owned Dana subsidiaries.

SECTION 6.5.2. DEBT OF NON-WHOLLY OWNED SUBSIDIARIES, AFFILIATES, AND OTHER ENTITIES. Each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, and the Treasurer shall have the power to approve guarantees by Dana of the indebtedness of non-wholly owned Dana subsidiaries, Dana affiliates and third party entities; provided, that the aggregate amount of such guarantees made by these officers collectively between Board meetings may not exceed $10 million and that all such guarantees in the aggregate may not exceed any limitations set by the Board on total outstanding guarantees for Dana subsidiaries.

SECTION 6.6. STOCK CERTIFICATES. The Chairman, the President, and the Secretary shall each have the power to sign (manually or through facsimile) certificates for shares of Dana stock

which the Board has authorized for issuance.

SECTION 6.7. SECURITIES OF OTHER ENTITIES. With respect to securities issued by another entity which are beneficially owned by Dana, each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana International, the Chief Financial Officer, any Executive Vice President, any Vice President, the Treasurer, and the Secretary shall have the power to attend any meeting of security holders of the entity and vote thereat; to execute in the name and on behalf of Dana such written proxies, consents, waivers or other instruments as they deem necessary or proper to exercise Dana's rights as a security holder of the entity; and otherwise to exercise all powers to which Dana is entitled as the beneficial owner of the securities. Except as otherwise provided by law, any of these officers may delegate any of the foregoing powers to any other officer, employee or attorney-in-fact of Dana by written special power of attorney.

## ARTICLE VII. INDEMNIFICATION

SECTION 7.1. INDEMNIFICATION. Dana shall indemnify any of the following persons who was, is or may become a party to any "proceeding" (as such term is defined in Section 1 of Article SIXTH of Dana's Articles) to the same extent as if such person were specified as one to whom indemnification is granted in Section 3 of the foregoing Article SIXTH: (i) any Dana director, officer or employee who was, is, or may become a party to the proceeding by reason of the fact that he or she is or was serving at Dana's request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and (ii) any Dana employee who was, is, or may become a party to the proceeding by reason of the fact that he or she is or was an employee of Dana. In all cases, the provisions of Sections 4 through 7 of the foregoing Article SIXTH shall apply to the indemnification granted hereunder.

## ARTICLE VIII. DANA STOCK

SECTION 8.1. LOST CERTIFICATES. A shareholder claiming that any certificate for Dana stock has been lost or destroyed shall furnish the Secretary with an affidavit stating the facts relating to such loss or destruction. The shareholder shall be entitled to have a new certificate issued in the place of the certificate which is claimed to be lost or destroyed if (i) the affidavit is satisfactory to the Secretary, and (ii) if requested by the Secretary, the shareholder gives a bond (in form and amount satisfactory to the Secretary) to protect Dana and other persons from any liability or expense that might be incurred upon the issue of a new certificate by reason of the original certificate remaining outstanding.

SECTION 8.2. RIGHTS AGREEMENT. Any restrictions which are deemed to be imposed on the transfer of Dana securities by the Rights Agreement dated as of April 25, 1996, between Dana and The Bank of New York (successor Rights Agent to Chemical Mellon Shareholder Services, L.L.C.), or by any successor or replacement rights plan or agreement, are hereby authorized.

SECTION 8.3. CONTROL SHARE ACQUISITIONS. Article 14.1 of the Virginia Stock Corporation Act shall not apply to the acquisition of shares of Dana's common stock.

## ARTICLE IX. AMENDMENT

SECTION 9.1. AMENDMENT. The Board, by resolution, or the shareholders may amend or repeal these By-Laws, subject to any limitations imposed by Dana's Articles and Virginia Law.

Exhibit 10-A(3)

SECOND AMENDMENT
TO THE DANA CORPORATION
ADDITIONAL COMPENSATION PLAN

Pursuant to resolutions of the Board of Directors adopted on October 21, 2003, the Dana Corporation Additional Compensation Plan (the "Plan") is hereby amended, effective as of December 8, 2003, as set forth below.

1. Section 2.B. of the Plan is amended by deleting the definition of "Change in Control of the Corporation" and replacing it in its entirety as follows:

"Change in Control of the Corporation" shall mean the first to occur of any of the following events:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the Corporation's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with any acquisition by any corporation pursuant to a transaction that complies with clauses (A), (B) and (C) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on December 8, 2003, constitute the Board of Directors of the Corporation (the "Incumbent Board") and any new director whose appointment or election by the Board of Directors of the Corporation or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on December 8, 2003 or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation, shall not be treated as a member of the Incumbent Board; or

(iii) there is consummated a merger, reorganization, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any direct or indirect subsidiary of the Corporation, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each a "Business Combination"), in each case unless, immediately following such Business Combination, (A) the voting securities of the Corporation outstanding immediately prior to such Business Combination (the "Prior Voting Securities") continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of the Business Combination or any parent thereof) at least 50% of the combined voting power of the securities of the Corporation or such surviving entity or parent thereof outstanding immediately after such Business Combination, (B) no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation or the surviving entity of the Business Combination or any parent thereof (not including in the

securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the securities of the Corporation or surviving entity of the Business Combination or the parent thereof, except to the extent that such ownership existed immediately prior to the Business Combination and (C) at least a majority of the members of the board of directors of the Corporation or the surviving entity of the Business Combination or any parent thereof were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation.

Notwithstanding the foregoing, any disposition of all or substantially all of the assets of the Corporation pursuant to a spinoff, splitup or similar transaction (a "Spinoff") shall not be treated as a Change in Control of the Corporation if, immediately following the Spinoff, holders of the Prior Voting Securities immediately prior to the Spinoff continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding securities of both entities resulting from such transaction, in substantially the same proportions as their ownership, immediately prior to such transaction, of the Prior Voting Securities; provided, that if another Business Combination involving the Corporation occurs in connection with or following a Spinoff, such Business Combination shall be analyzed separately for purposes of determining whether a Change in Control of the Corporation has occurred.

2. The following text is inserted at the end of Section 4:

Upon the occurrence of a Change in Control of the Corporation, all eligible participants who are named on the Corporate Award List as of the date of the Change in Control of the Corporation and who are employed by the Corporation or one of its subsidiaries as of the Change in Control of the Corporation shall be entitled to receive a lump sum annual bonus payment as soon as practicable following the Change in Control of the Corporation equal to the product of (i) the greater of (x) the eligible participant's award level for the Year as established by the Committee pursuant to Section 4.A. of the Plan and (y) the eligible participant's Short Term Award calculated based on actual performance through the date of the Change in Control of the Corporation (with performance targets pro-rated for such period) and (ii) a fraction, the numerator of which is the number of days in the Year prior to the date of the Change in Control of the Corporation and the denominator of which is 365.

During the portion of any Year in which a Change in Control of the Corporation occurs that follows the date of such Change in Control of the Corporation, eligible participants who are named on the Corporate Award List as of the date of the Change in Control of the Corporation and who continue to be employed by the Company or its subsidiaries shall be entitled to award levels, performance targets and bonus opportunities which would provide them for the Year in which the Change in Control of the Corporation occurs with aggregate award levels and performance targets that are no less favorable than those initially in effect for the Year in which the Change in Control of the Corporation occurs (taking into account the payment made under the immediately preceding paragraph).

This Plan shall not be amended in anticipation of or in conjunction with the occurrence of a Change in Control of the Corporation or at any time following a Change in

Control of the Corporation in any manner that would adversely affect the rights of eligible participants under the Plan. No amendment or termination of this Plan shall impair or diminish the obligations of the Company to any eligible participants or the rights of any eligible participants under the Plan under any notices or agreements previously issued pursuant to the Plan.

3. Section 11 of the Plan is amended by adding the following sentence at the end of such Section:

The Second Amendment to the Plan is effective as of December 8, 2003.

In Witness Whereof, Dana Corporation has adopted this amendment.

DANA CORPORATION

By: /s/ R. B. Priory

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Chairman of the Compensation
Committee of the Board of Directors

ATTEST

/s/ R. W. Spriggle

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Exhibit 10-B(1)

# FIRST AMENDMENT
# TO THE DANA CORPORATION
# AMENDED AND RESTATED STOCK INCENTIVE PLAN

Pursuant to resolutions of the Board of Directors adopted on October 21, 2003, the Dana Corporation Amended and Restated Stock Incentive Plan (the "Plan") is hereby amended, effective as of December 8, 2003, as set forth below.

1. Section 2 of the Plan is amended by deleting the definition of "Change in Control of the Corporation" and replacing it in its entirety as follows:

"Change in Control of the Corporation" shall mean the first to occur of any of the following events:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the Corporation's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with any acquisition by any corporation pursuant to a transaction that complies with clauses (1), (2) and (3) of paragraph (c) below; or

(b) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on December 8, 2003, constitute the Board (the "Incumbent Board") and any new director whose appointment or election by the Board or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on December 8, 2003 or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation, shall not be treated as a member of the Incumbent Board; or

(c) there is consummated a merger, reorganization, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any direct or indirect subsidiary of the Corporation, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each a "Business Combination"), in each case unless, immediately following such Business Combination, (1) the voting securities of the Corporation outstanding immediately prior to such

Business Combination (the "Prior Voting Securities") continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of the Business Combination or any parent thereof) at least 50% of the combined voting power of the securities of the Corporation or such surviving entity or parent thereof outstanding immediately after such Business Combination, (2) no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation or the surviving entity of the Business Combination or any parent thereof (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the securities of the Corporation or surviving entity of the Business Combination or the parent thereof, except to the extent that such ownership existed immediately prior to the Business Combination and (3) at least a majority of the members of the board of directors of the Corporation or the surviving entity of the Business Combination or any parent thereof were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation.

Notwithstanding the foregoing, any disposition of all or substantially all of the assets of the Corporation pursuant to a spinoff, splitup or similar transaction (a "Spinoff") shall not be treated as a Change in Control of the Corporation if, immediately following the Spinoff, holders of the Prior Voting Securities immediately prior to the Spinoff continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding securities of both entities resulting from such transaction, in substantially the same proportions as their ownership, immediately prior to such transaction, of the Prior Voting Securities; provided, that if another Business Combination involving the Corporation occurs in connection with or following a Spinoff, such Business Combination shall be analyzed separately for purposes of determining whether a Change in Control of the Corporation has occurred.

2. Section 8.2 of the Plan is amended by adding the following new paragraph (d) at the end of such Section:

(d) Notwithstanding the provisions of Section 8.2(c), unless otherwise determined by the Committee pursuant to a grant made after the First Amendment Date, upon the occurrence of a Change in Control of the Corporation, Restricted Stock and Units subject to time-based vesting or payment conditions shall be treated as follows: (i) if (A) all of the Stock held by stockholders of the Corporation is converted into cash pursuant to the Change in Control transaction or (B) if the surviving entity in the Change in Control transaction does not assume outstanding Awards of Restricted Stock or Units subject to time-based vesting and convert such Awards into equivalent awards based on its securities pursuant to Section 10 with the same vesting conditions

as in effect immediately prior to the Change in Control, all of such Awards shall vest or become immediately due and payable upon the Change in Control; and (ii) if the provisions of clause (i) above are not applicable upon the Change in Control transaction, (x) a pro rata portion (the fraction obtained by dividing the number of months from the beginning of the vesting period through the date of the Change in Control by the number of whole months in the vesting period) of the Award shall vest upon the Change in Control and (y) the remaining portion of the Award shall be adjusted pursuant to Section 10, if applicable, and shall continue to vest in accordance with its terms; provided, however, that such remaining portion of the Award held by a Participant will vest or become immediately due and payable upon a termination of the Participant's employment for Good Reason or without Cause (as such terms are defined in the Participant's applicable Change in Control Agreement or, if the Participant is not a party to a Change of Control Agreement, as such terms are defined in the Change of Control Severance Plan (notwithstanding that the Participant does not participate in the Change of Control Severance Plan)). Unless otherwise determined by the Committee, the form of payment in settlement of such Awards shall be made in the same form as that applicable to the stockholders of the Corporation in connection with the Change in Control transaction, provided that if the event constituting the Change in Control does not involve payment to such stockholders, the settlement of Units shall be made in cash.

3. Section 14 of the Plan is amended by adding the following sentence at the end of such Section:

The First Amendment to the Plan is effective as of December 8, 2003 (the "First Amendment Date").

In Witness Whereof, Dana Corporation has adopted this amendment.

DANA CORPORATION

By: /s/ R. B. Priory
----------------
Chairman of the Compensation
Committee of the Board of Directors

ATTEST

/s/ R. W. Spriggle
- ------------------

Exhibit 10-C(3)

THIRD AMENDMENT
TO THE DANA CORPORATION
EXCESS BENEFITS PLAN

Pursuant to resolutions of the Board of Directors adopted on October 21, 2003, the Dana Corporation Excess Benefits Plan (the "Plan") is hereby amended, effective as of December 8, 2003, as set forth below.

1. Section 1.3 of the Plan is amended by deleting the definition of "Change in Control" and replacing it in its entirety as follows:

1.3 "Change in Control" shall mean the first to occur of any of the following events:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with any acquisition by any corporation pursuant to a transaction that complies with clauses (1), (2) and (3) of paragraph (c) below; or

(b) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on December 8, 2003, constitute the Board (the "Incumbent Board") and any new director whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on December 8, 2003 or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company, shall not be treated as a member of the Incumbent Board; or

(c) there is consummated a merger, reorganization, statutory share exchange or consolidation or similar corporate transaction involving the Company or any direct or indirect subsidiary of the Company, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each a "Business Combination"), in each case unless, immediately following such Business Combination, (1) the voting securities of the Company outstanding immediately prior to such Business Combination (the "Prior Voting Securities") continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of the Business Combination or any parent thereof) at least 50% of the combined voting power of the

securities of the Company or such surviving entity or parent thereof outstanding immediately after such Business Combination, (2) no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation or the surviving entity of the Business Combination or any parent thereof (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the securities of the Corporation or surviving entity of the Business Combination or the parent thereof, except to the extent that such ownership existed immediately prior to the Business Combination and (3) at least a majority of the members of the board of directors of the Corporation or the surviving entity of the Business Combination or any parent thereof were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, any disposition of all or substantially all of the assets of the Company pursuant to a spinoff, splitup or similar transaction (a "Spinoff") shall not be treated as a Change in Control if, immediately following the Spinoff, holders of the Prior Voting Securities immediately prior to the Spinoff continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding securities of both entities resulting from such transaction, in substantially the same proportions as their ownership, immediately prior to such transaction, of the Prior Voting Securities; provided, that if another Business Combination involving the Corporation occurs in connection with or following a Spinoff, such Business Combination shall be analyzed separately for purposes of determining whether a Change in Control has occurred.

2. Section 4.7(a) of the Plan is deleted in its entirety and replaced by the following:

(a) Lump sum payment. Upon the occurrence of a Change in Control, (i) each Employee, (ii) each former Employee and (iii) each Employee's spouse or beneficiary following his death who is receiving benefits under the Plan (each, a "Recipient") shall receive, on account of future payments of any and all benefits due under the Plan, a Lump Sum Payment, so that each such Employee, former Employee or Recipient will receive substantially the same amount of after-tax income as before the Change of Control, determined as set forth in paragraph (c) of this Section 4.7.

3. The following sentence is inserted at the end of Section 4.7(c) of the Plan:

The date of the Change in Control shall be treated as the date of retirement for each Employee who would otherwise be eligible for retirement as of such date for purposes of calculating the Lump Sum Payment.

4. A new sentence shall be added at the end of the Plan:

The Third Amendment to the Plan is effective as of December 8, 2003.

In Witness Whereof, Dana Corporation has adopted this amendment.

DANA CORPORATION

By: R. B. Priory
------------
Chairman of the Compensation
Committee of the Board of Directors

ATTEST

/s/ R. W. Spriggle
- ------------------

Exhibit 10-C(4)

# FOURTH AMENDMENT TO THE DANA CORPORATION EXCESS BENEFITS PLAN

Pursuant to resolutions of the Board of Directors adopted on February 10, 2004, the Dana Corporation Excess Benefits Plan (the "Plan") is hereby amended, effective as of January 1, 2003, as set forth below.

1. Amend Section 1.12 of the Plan to read in its entirety as follows:

"1.12 'Mortality Table' shall mean the Unisex Pension Plan 1984 Mortality Table (set forward one year in age) or such other pensioner annuity mortality table as the Company with the written consent of the Employee or Recipient shall determine and the associated Uniform Seniority Table for the determination of joint life expectancies, provided that for distributions with annuity starting dates after December 31, 2002 the Mortality Table used for purposes of adjusting any benefit for purposes of Sections 417(e) and 415(b)(2) of the Code shall be the 1994 GAR Table prescribed in Rev. Rul. 2001-62, based upon a fixed blend of 50 percent of the unloaded male mortality rates and 50 percent of the unloaded female mortality rates underlying the 1994 Group Annuity Reserving Table, projected to 2002."

IN WITNESS WHEREOF, the undersigned has hereby executed this Fourth Amendment to the Excess Benefit Plan on behalf of the Corporation.

DANA CORPORATION

By: /s/ Michael L. DeBacker
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Witness:

/s/ M. Jean Hardman
- -------------------

Exhibit 10-E(1)

# EMPLOYMENT AGREEMENT

BETWEEN

DANA CORPORATION

AND

WILLIAM J. CARROLL

DATED FEBRUARY 2, 2004

TABLE OF CONTENTS


| SECTION | | | PAGE |
| --- | --- | --- | --- |
| 1. | Employment and Term | | 1 |
| 2. | Position and Duties of the Executive | | 1 |
| | (a) | Position | 1 |
| | (b) | Scope of Duties | 2 |
| 3. | Compensation | | 2 |
| | (a) | Salary | 2 |
| | (b) | Additional Compensation | 3 |
| | (c) | Incentive, Stock and Savings Plans | 3 |
| | (d) | Retirement and Welfare Benefit Plans | 3 |
| | (e) | Expenses | 4 |
| | (f) | Fringe Benefits | 4 |
| | (g) | Office and Support Staff | 4 |
| | (h) | Vacation and Other Absences | 4 |
| | (i) | Certain Retirement and Severance Definitions | 4 |
| 4. | Termination of Employment | | 5 |
| | (a) | Death or Disability | 5 |
| | (b) | Cause | 5 |
| | (c) | Good Reason | 7 |
| | (d) | Notice of Termination | 7 |
| | (e) | Date of Termination | 7 |
| 5. | Obligations of the Corporation Upon Termination | | 8 |
| | (a) | Termination Other Than for Cause | 8 |
| | (b) | Cause; Other Than for Good Reason | 10 |
| | (c) | Death or Disability | 10 |
| | (d) | Resolution of Disputes/Right of Election by Executive to Arbitrate or Sue | 10 |
| 6. | Non-exclusivity of Rights | | 11 |
| 7. | Full Settlement | | 11 |
| 8. | Confidential Information | | 11 |
| 9. | Competition | | 12 |
| 10. | Successors | | 13 |
| 11. | Amendment or Modification; Waiver | | 13 |
| 12. | Miscellaneous | | 13 |

EMPLOYMENT AGREEMENT (the "Agreement") made effective as of the 2nd day of February, 2004, by and between DANA CORPORATION, a Virginia corporation whose principal place of business is located at 4500 Dorr Street, Toledo, Ohio (the "Corporation"), and William J. Carroll (the "Executive");

WHEREAS, the Executive is an executive officer of the Corporation and is currently serving as Acting President and Acting Chief Operating Officer in addition to his duties as President - Automotive Systems Group; and

WHEREAS, the Corporation wishes to assure itself of the continuing services of the Executive as an executive officer of the Corporation during the period of employment hereunder by providing him with the definitive employment terms set forth in this Agreement; and

WHEREAS, the Executive is willing to commit himself to remain in the employ of the Corporation during such period on the terms and conditions set forth herein, and to forego opportunities elsewhere during such period; and

WHEREAS, the parties have entered into a Change of Control Agreement, dated December 8, 1997 (such Change of Control Agreement, as the same may be amended and/or restated from time to time, or any successor agreement thereto, shall be referred to herein as the "Change of Control Agreement"); and

WHEREAS, the parties intend for this Agreement to operate until terminated in accordance with the terms hereof or, if earlier, until the occurrence of a Change of Control (as defined in the Change of Control Agreement) as more fully set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the mutual promises, covenants and agreements set forth below, it is hereby agreed as follows:

1. Employment and Term.

(a) The Corporation agrees to continue the employment of the Executive, and the Executive agrees to remain in the employ of the Corporation, in accordance with the terms and provisions of this Agreement, for the period set forth below (the "Employment Period").

(b) The Employment Period under this Agreement shall commence as of February 2, 2004, and, subject to the provisions of Section 4 below relating to termination of employment, shall continue until the close of business on October 21, 2005. Notwithstanding the foregoing, this Agreement shall be superceded and cease to have any effect if a Change of Control of the Corporation (as defined in the Change of Control Agreement) occurs during the Employment Period, in which case the Change of Control Agreement shall become fully operative in accordance with its terms.

2. Position and Duties of the Executive.

(a) Position. During the Employment Period, the Executive shall be an executive officer of the Corporation, initially serving as its Acting President and Acting Chief Operating

Officer and President - Automotive Systems Group, with such duties and reporting responsibilities as the Board of Directors of the Corporation (the "Board") shall determine, subject to the provisions of the next succeeding sentence of this Section 2(a). The Executive hereby agrees that the Board (or the executive officer of the Corporation to whom the Executive reports) may, at any time, without the Executive's consent, change the Executive's office(s), title(s), reporting responsibility, and duties or responsibilities as in effect on the date of this Agreement, so long as the Executive shall continue to serve as an executive officer of the Corporation, as designated by the Board.

During the Employment Period the Executive shall, without compensation other than that herein provided, also serve and continue to serve, if and when elected and re-elected, as an officer or director, or both, of any Subsidiary, division or Affiliate of the Corporation.

For all purposes of this Agreement, (i) a "Subsidiary" shall mean a corporation or other entity, of which 50% or more of the voting securities or other equity interests is owned directly, or indirectly through one or more intermediaries, by the Corporation, and (ii) an "Affiliate" shall mean a corporation or other entity which is not a Subsidiary and which directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Corporation. For the purpose of this definition, the terms "control," "controls" and "controlled" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a corporation or other entity, whether through the ownership of voting securities, by contract, or otherwise.

(b) Scope of Duties. Throughout the Employment Period the Executive shall devote his full time and undivided attention during normal business hours to the business and affairs of the Corporation except for reasonable vacations and except for illness or incapacity, but nothing in this Agreement shall preclude the Executive from devoting reasonable periods required for the following activities, provided that such activities do not materially interfere with the regular performance of his duties and responsibilities under this Agreement or violate Sections 8 or 9 of this Agreement:

(i) serving as a director or member of a committee or any organization involving no conflict of interest with the interests of the Corporation;

(ii) delivering lectures, fulfilling speaking engagements, teaching at educational institutions;

(iii) engaging in charitable and community activities; and

(iv) managing his personal investments.

3. Compensation.

The Executive shall receive the following compensation for his services:

(a) Salary. During the Employment Period, the Executive shall be paid an annual base salary of no less than $620,000, with such increases as shall be awarded from time to time in accordance with the Corporation's regular administrative practices of other salary increases

applicable to executives of the Corporation or other upward adjustments as the Board (or the Compensation Committee thereof) deems to be necessary or desirable, subject to any and all required withholdings and deductions for Social Security, income taxes and the like (the "Annual Base Salary"). During the Employment Period, the Annual Base Salary shall be payable in regular installments, no less frequently than monthly. Annual Base Salary shall not be reduced after any increase thereof pursuant to this Section 3(a). Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation of the Corporation under this Agreement.

(b) Additional Compensation. During the Employment Period, the Executive shall be eligible to receive annual short-term incentive awards or bonuses (such award or bonus is hereinafter referred to as "Short-Term Award" or "Annual Bonus") from the Dana Corporation Additional Compensation Plan, and from any successor or replacement plan (the Dana Corporation Additional Compensation Plan and such successor or replacement plans being referred to herein collectively as the "ACP"), in accordance with the terms thereof. Each Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the receipt of such Annual Bonus is deferred in accordance with the terms of the ACP.

(c) Incentive, Stock and Savings Plans. During the Employment Period, the Executive shall be and continue to be a full participant in the Dana Corporation Amended and Restated Stock Incentive Plan, the ACP (providing for Short-Term Awards) and in any and all other incentive, stock, savings or retirement plans, practices or policies in which executives of the Corporation participate that are in effect on the date hereof and that may hereafter be adopted, including, without limitation, any stock option, stock purchase or stock appreciation plans, or any successor plans that may be adopted by the Corporation with at least the same reward opportunities, if any, that have heretofore been provided to the Executive. Nothing in this Agreement shall preclude improvement of reward opportunities in such plans or other plans in accordance with the practice of the Corporation on or after the date of this Agreement.

(d) Retirement and Welfare Benefit Plans. The Executive, his dependents and Beneficiary (as defined below), including, without limitation, any beneficiary of a joint and survivor or other optional method of payment applicable to the payment of benefits under the Pension and Retirement Program of the Corporation, as defined in Section 3(i)(ii) below, shall be entitled to all payments and benefits and service credit for benefits during the Employment Period to which other senior executives of the Corporation (other than the Chief Executive Officer), their dependents and their beneficiaries are entitled under the terms of employee retirement and welfare benefit plans and practices of the Corporation, including, without limitation, the Pension and Retirement Program of the Corporation, the Corporation's Savings and Investment Plan, its Stock Purchase Plan, its Stock Award Plan, its Income Protection Plan for Management and Certain Other Employees providing layoff and severance benefits, its 1989 and 1999 Restricted Stock Plans, its Excess Benefits Plan, its Supplemental Benefits Plan, its death benefit plans (consisting of its Group Insurance Plan for Management Employees providing life insurance, accidental death and dismemberment insurance, and travel accident insurance), its disability benefit plans (consisting of its salary continuation, sickness and accident and long-term disability benefits programs), its medical, dental and health and welfare plans and other present or equivalent successor plans and practices of the Corporation, its Subsidiaries and divisions, for active and retired employees, for which senior executive officers (other than the

Chief Executive Officer), their dependents and beneficiaries, are eligible, and to all payments or other benefits under any such plan or practice subsequent to the Employment Period as a result of participation in such plan or practice during the Employment Period. The term "Beneficiary" as used in this Agreement shall, in the event of the death of the Executive, mean an individual or individuals and/or an entity or entities, including, without limitation, the Executive's estate, duly designated on a form filed with the Corporation by the Executive to receive any amount that may be payable after his death or, if no such individual, individuals, entity or entities has or have been so designated, or is at the time in existence or able to receive any such amount, the Executive's estate.

(e) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the polices, practices and procedures of the Corporation and its Subsidiaries and Affiliates from time to time in effect, commensurate with his position and on a basis at least comparable to that of other senior executives of the Corporation other than the Chief Executive Officer.

(f) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, the business and personal use of an automobile, and payment or reimbursement of club initiation fees and dues, in accordance with the plans, practices, programs and policies of the Corporation and its Subsidiaries and Affiliates from time to time in effect, commensurate with his position and at least comparable to those received by other senior executives of the Corporation other than the Chief Executive Officer.

(g) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to personal secretarial and other assistance, commensurate with his position and at least comparable to those received by other senior executives of the Corporation other than the Chief Executive Officer.

(h) Vacation and Other Absences. During the Employment Period, the Executive shall be entitled to paid vacation and such other paid absences whether for holidays, illness, personal time or any similar purposes, in accordance with the plans, policies, programs and practices of the Corporation and its Subsidiaries and Affiliates in effect from time to time, commensurate with his position and at least comparable to those received by other senior executives of the Corporation other than the Chief Executive Officer.

(i) Certain Retirement and Severance Definitions.

(i) The term "Severance Compensation" shall mean the sum of (1) one-twelfth (1/12) of the Annual Base Salary provided in Section 3(a) at the rate being paid at the time the Executive's termination of employment occurred, and (2) one-twelfth (1/12) of the Executive's target annual bonus in effect under the ACP for the fiscal year in which the termination occurs, provided, however, that, solely for purposes of determining the Executive's benefit under the Pension and Retirement Program of the Corporation, with respect to 1994 and subsequent years' Annual Bonuses, only that portion of the

Executive's Annual Bonus as does not exceed 125% of his Annual Base Salary shall be considered.

(ii) The term "Pension and Retirement Program of the Corporation" shall mean the Dana Corporation Retirement Plan, the Dana Corporation Excess Benefits Plan, the Dana Corporation Supplemental Benefits Plan, and any other supplemental, early retirement and similar plan or plans of the Corporation, its Subsidiaries and Affiliates, providing for pension or retirement benefits that may be applicable to the Executive and that are in effect on the date hereof or may hereafter be adopted or substituted for any such plan, but exclusive of the Dana Corporation Savings and Investment Plan and any similar plan or plans.

(iii) The term "Service" shall mean employment as an employee by the Corporation, any Subsidiary or Affiliate thereof or any corporation the capital stock or assets of which have been acquired by, or which has been merged into or consolidated with the Corporation or any Subsidiary or Affiliate thereof.

4. Termination of Employment.

(a) Death or Disability.

(i) The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period.

(ii) If the Corporation determines in good faith that the Disability (as defined below) of the Executive has occurred during the Employment Period, it may give to the Executive written notice in accordance with Section 12(b) below of its intention to terminate the Executive's employment. In such event, the Employment Period shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided, that within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Corporation on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Corporation or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause. The Corporation may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, the termination of the Executive's employment shall be deemed to have been for "Cause" only

(i) if termination of his employment shall have been the result of his conviction of, or plea of guilty or nolo contendere to, the charge of having committed a felony (whether or not such conviction is later reversed for any reason), or

(ii) if there has been a breach by the Executive during the Employment Period of the provisions of Section 2(b), relating to the time to be devoted to the affairs of the

Corporation, or of Section 9, relating to confidential information, and such breach results in demonstrably material injury to the Corporation, and, with respect to any alleged breach of Section 2(b) hereof, the Executive shall have either failed to remedy such alleged breach within thirty days from his receipt of written notice from the Secretary of the Corporation pursuant to resolution duly adopted by the Board after notice to the Executive and an opportunity to be heard demanding that he remedy such alleged breach, or shall have failed to take all reasonable steps to that end during such thirty-day period and thereafter;

provided, that there shall have been delivered to the Executive a certified copy of a resolution of the Board adopted by the affirmative vote of not less than three-fourths of the entire membership of the Board called and held for that purpose and at which the Executive was given an opportunity to be heard, finding that the Executive was guilty of conduct set forth in subparagraph (i) or (ii) above, specifying the particulars thereof in detail.

Anything in this Section 4(b) or elsewhere in this Agreement to the contrary notwithstanding, the employment of the Executive shall in no event be considered to have been terminated by the Corporation for Cause if termination of his employment took place

(1) as the result of bad judgment or negligence on the part of the Executive, or

(2) because of an act or omission believed by the Executive in good faith to have been in or not opposed to the interests of the Corporation, or

(3) for any act or omission in respect of which a determination could properly be made that the Executive met the applicable standard of conduct prescribed for indemnification or reimbursement or payment of expenses under (A) the Bylaws of the Corporation, or (B) the laws of the State of Virginia, or (C) the directors' and officers' liability insurance of the Corporation, in each case either as in effect at the time of this Agreement or in effect at the time of such act or omission, or

(4) as the result of an act or omission which occurred more than twelve calendar months prior to the Executive's having been given notice of the termination of his employment for such act or omission unless the commission of such act or such omission could not at the time of such commission or omission have been known to a member of the Board (other than the Executive, if he is then a member of the Board), in which case more than twelve calendar months from the date that the commission of such act or such omission was or could reasonably have been so known, or

(5) as the result of a continuing course of action which commenced and was or could reasonably have been known to a member of the Board (other than the Executive, if he is then a member of the Board) more than twelve calendar months prior to notice having been given to the Executive of the termination of his employment.

(c) Good Reason. During the Employment Period, the Executive may terminate his employment for Good Reason. For purposes of this Agreement, "Good Reason" shall mean the breach by the Corporation of the provisions of Section 2(a) or 3(a)-(h), which is not remedied within 30 days after receipt by the Corporation of written Notice of Termination from the Executive; provided, that (i) the Executive shall have provided a written Notice of Termination to the Corporation, attention of the Secretary, given within 90 days following the occurrence of the event giving rise to the assertion of Good Reason and (ii) such written Notice of Termination provides for a Date of Termination not less than 30 days nor more than 60 days after receipt by the Corporation of such Notice of Termination, unless the Corporation shall agree to an earlier Date of Termination.

An election by the Executive to terminate his employment given under this Section 4(c) shall not be deemed a voluntary termination of employment by the Executive for the purpose of this Agreement or any plan or practice of the Corporation.

(d) Notice of Termination. Any termination by the Corporation for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) below. For purposes of this Agreement, a "Notice of Termination" means a written notice which

(i) indicates the specific termination provision in this Agreement relied upon,

(ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and

(iii) specifies the Date of Termination (as defined in Section 4(e) below).

(e) Date of Termination. "Date of Termination" means

(i) if the Executive's employment is terminated by the Corporation for Cause, the later of the date of receipt of the Notice of Termination or any later date specified therein, as the case may be,

(ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination,

(iii) if the Executive's employment is terminated by the Corporation other than for Cause or Disability, the Date of Termination shall be the date on which the Corporation notifies the Executive of such termination and

(iv) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

5. Obligations of the Corporation Upon Termination.

(a) Termination Other Than for Cause, Death or Disability. If, during the Employment Period, the Corporation shall terminate the Executive's employment other than for Cause, death or Disability or the Executive shall terminate his employment for Good Reason (termination in any such case referred to as "Termination"), subject to and conditioned upon the execution by the Executive of, and his not subsequently revoking, a release substantially in the form attached hereto as Exhibit A:

(i) the Corporation shall pay the Executive in a lump sum in cash within 30 days after the Date of Termination the sum of

(1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid,

(2) to the extent that Annual Bonus has not been paid to the Executive in respect of the fiscal year in which the Date of Termination occurs, the product of (x) the Executive's target annual bonus in effect under the ACP as of the Date of Termination and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365, and

(3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(ii) the Corporation shall pay to the Executive an amount equal to the aggregate Severance Compensation that would be payable for the period from the Date of Termination through the end of the Termination Period (as defined below) payable, in the discretion of the Compensation Committee of the Board, either in a lump sum within 30 days after the Date of Termination or in installments commencing at the end of the month next following the Date of Termination and at the end of each month thereafter for the period from the Date of Termination until the earlier to occur of (x) the second anniversary of the Date of Termination and (y) the end of the month in which the death of the Executive shall have occurred (such period to be called the "Termination Period"); provided, however, that such amount shall be reduced (but not below zero) by any other amounts payable to the Executive in respect of salary or bonus continuation to be received by the Executive under any severance plan, policy or arrangement of the Corporation; and

(iii) During the Termination Period, or such longer period as any plan, program, practice or policy may provide, the Corporation shall continue benefits to the Executive and/or the Executive's dependents at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(d) above if the Executive's employment had not been terminated

in accordance with the most favorable plans, practices, programs or policies of the Corporation and its Subsidiaries and Affiliates as in effect and applicable generally to other senior executives (other than the Chief Executive Officer) of the Corporation and its Subsidiaries and Affiliates and their families during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Executive, as in effect at any time thereafter or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other senior executives (other than the Chief Executive Officer) of the Corporation and its Subsidiaries and Affiliates and their dependents, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the end of the Termination Period and to have retired on the date of the end of the Termination Period. To the extent that any benefits referred to in this Section 5(a)(iii) shall not be payable or provided under any such plan by reason of the Executive's no longer being an employee of the Corporation as the result of Termination, the Corporation shall itself pay, or provide for payment of, such benefits and the service credit for benefits provided for in Section 5(a)(iv) below, to the Executive, his dependents and Beneficiary; and

(iv) The period from the Date of Termination until the end of the Termination Period shall be considered:

(1) Service with the Corporation for the purpose of continued credits under the employee benefit plans referred to in Section 3(d) above and all other benefit plans of the Corporation applicable to the Executive, his dependents or his Beneficiary as in effect immediately prior to Termination but prior to any reduction of benefits thereunder as the result of amendment or termination during the Employment Period; and

(2) Employment with the Corporation for purposes of determining payments and other rights in respect of awards made or accrued and award opportunities granted prior to Termination under the executive incentive plans referred to in Section 3(c) above and all other incentive plans of the Corporation in which the Executive was a participant prior to Termination; and

(v) to the extent not theretofore paid or provided, the Corporation shall timely pay or provide to the Executive and/or the Executive's dependents and/or heirs any other amounts or benefits required to be paid or provided to the Executive and such individuals under any plan, program, policy or practice of the Corporation and its Subsidiaries and Affiliates as in effect and applicable generally to other senior executives (other than the Chief Executive Officer) of the Corporation and its Subsidiaries and Affiliates and their dependents and/or heirs during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Executive, as in effect generally thereafter with

respect to other senior executives (other than the Chief Executive Officer) of the Corporation and its Subsidiaries and Affiliates and their dependents and/or heirs (such other amounts and benefits shall be referred to below as the "Other Benefits").

(b) Cause; Other Than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, the Corporation shall have no further obligations to the Executive under this Agreement other than the obligation to pay through the Date of Termination the Executive's Annual Base Salary, any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), and accrued vacation pay, in each case to the extent not theretofore paid, and any other amounts or benefits to which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation. If the Executive terminates employment during the Employment Period, excluding a termination for Good Reason, the Corporation shall have no further obligations to the Executive, other than to pay through the Date of Termination the Executive's Annual Base Salary, any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), and accrued vacation pay, in each case to the extent not theretofore paid, any other benefits to which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation.

(c) Death or Disability.

(i) In the event of the death of the Executive during the Employment Period, the legal representative of the Executive shall be entitled to the compensation provided for in Sections 3(a) and 3(b) above for the month in which death shall have taken place, at the rate being paid at the time of death, and the Employment Period shall be deemed to have ended as of the close of business on the last day of the month in which death shall have occurred but without prejudice to any payments due in respect of the Executive's death.

(ii) In the event of the Disability of the Executive during the Employment Period, the Executive shall be entitled to the compensation provided for in Sections 3(a) and 3(b) above, at the rate being paid on the Disability Effective Date, for the period of such Disability but not in excess of six months. The amount of any payments due under this Section 5(c)(ii) shall be reduced by any payments to which the Executive may be entitled for the same period because of disability under any disability or pension plan of the Corporation or of any Subsidiary or Affiliate thereof.

(d) Resolution of Disputes/Right of Election by Executive to Arbitrate or Sue. In the event that the Executive's employment shall be terminated by the Corporation during the Employment Period and such termination is alleged to be for Cause, or the Executive's right to terminate his employment under Section 4(c) above shall be questioned by the Corporation, or the Corporation shall withhold payments or provision of benefits for any other reason, the Executive shall have the right, in addition to all other rights and remedies provided by law, at his election either to seek arbitration within the Toledo, Ohio area under the rules of the American Arbitration Association by serving a notice to arbitrate upon the Corporation or to institute a judicial proceeding, in either case within ninety days after having received notice of termination

of his employment or notice in any form that the termination of his employment under Section 4(c) above is subject to question or that the Corporation is withholding or proposes to withhold payments or provision of benefits.

6. Non-exclusivity of Rights.

Except as provided in Sections 5(a), 5(b) and 5(c) above, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Corporation or any of its Subsidiaries and Affiliates and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement entered into after the date hereof with the Corporation or any of its Subsidiaries and Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of, or any contract or agreement entered into after the date hereof with, the Corporation or any of its Subsidiaries and Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

7. Full Settlement.

The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Corporation may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as provided in Section 5(a)(iii) above, such amounts shall not be reduced whether or not the Executive obtains other employment.

8. Confidential Information.

(a) The Executive agrees not to disclose, either while in the Corporation's employ or at any time thereafter, to any person not employed by the Corporation, or not engaged to render services to the Corporation, except with the prior written consent of an officer authorized to act in the matter by the Board, any confidential information obtained by him while in the employ of the Corporation, including, without limitation, information relating to any of the Corporation's inventions, processes, formulae, plans, devices, compilations of information, methods of distribution, customers, client relationships, marketing strategies or trade secrets; provided, however, that this provision shall not preclude the Executive from use or disclosure of information known generally to the public or of information not considered confidential by persons engaged in the business conducted by the Corporation or from disclosure required by law or Court order. The agreement herein made in this Section 8(a) shall be in addition to, and not in limitation or derogation of, any obligations otherwise imposed by law upon the Executive in respect of confidential information and trade secrets of the Corporation, its Subsidiaries and Affiliates.

(b) The Executive also agrees that upon leaving the Corporation's employ he will not take with him, without the prior written consent of an officer authorized to act in the matter by the Board, and he will surrender to the Corporation any record, list, drawing, blueprint, specification or other document or property of the Corporation, its Subsidiaries and Affiliates, together with any copy and reproduction thereof, mechanical or otherwise, which is of a confidential nature relating to the Corporation, its Subsidiaries and Affiliates, or, without limitation, relating to its or their methods of distribution, client relationships, marketing strategies or any description of any formulae or secret processes, or which was obtained by him or entrusted to him during the course of his employment with the Corporation.

9. Competition.

(a) The Executive agrees that he will not engage in Competition at any time (i) during the Employment Period or (ii) during the twenty-four (24) month period immediately following the termination of the Executive's employment hereunder if the Executive is entitled to and receives Severance Compensation pursuant to Section 5(a) above.

(b) The word "Competition" for the purposes of this Agreement shall mean

(i) taking a management position with or control of a business engaged in the design, development, manufacture, marketing or distribution of products, which constituted 15% or more of the sales of the Corporation and its Subsidiaries and Affiliates during the last fiscal year of the Corporation preceding the termination of the Executive's employment, in any geographical area in which the Corporation, its Subsidiaries or Affiliates is at the time engaging in the design, development, manufacture, marketing or distribution of such products; provided, however, that in no event shall ownership of less than 5% of the outstanding capital stock entitled to vote for the election of directors of a corporation with a class of equity securities held of record by more than 500 persons, standing alone, be deemed Competition with the Corporation within the meaning of this Section 9,

(ii) soliciting any person who is a customer of the businesses conducted by the Corporation and its Subsidiaries and Affiliates, or any business in which the Executive has been engaged on behalf of the Corporation and its Subsidiaries or Affiliates at any time during the term of this Agreement on behalf of a business described in clause (i) of this Section 9(b),

(iii) inducing or attempting to persuade any employee of the Corporation or any of its Subsidiaries or Affiliates to terminate his employment relationship in order to enter into employment with a business described in clause (i) of this Section 9(b), or

(iv) making or publishing any statement which is, or may reasonably be considered to be, disparaging of the Corporation or any of its Subsidiaries or Affiliates, or directors, officers, employees or the operations or products of the Corporation or any of its Subsidiaries or Affiliates, except to the extent the Executive, during the Employment Period, makes the statement to employees or other representatives of the Corporation or

any of its Subsidiaries or Affiliates in furtherance of the Corporation's business and the performance of his services hereunder.

(c) If, at any time, the provisions of this Section 9 shall be determined to be invalid or unenforceable, by reason of being vague or unreasonable as to area, duration or scope, the provisions of this Section 9 shall be divisible and shall become immediately amended to cover only such area, duration or scope as shall be determined to be reasonable and enforceable by the court or other body having jurisdiction over the matter; and the Executive agrees that Section 9 as so amended shall be valid and binding as though any invalid or unenforceable provision had not been included herein.

10. Successors. Except as otherwise provided herein,

(a) This Agreement shall be binding upon and shall inure to the benefit of the Executive, his heirs and legal representatives, and the Corporation and its successors as provided in this Section 10.

(b) This Agreement shall be binding upon and inure to the benefit of the Corporation and any successor of the Corporation, including, without limitation, any corporation or corporations acquiring, directly or indirectly, 50% or more of the outstanding securities of the Corporation, or all or substantially all of the assets of the Corporation, whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed embraced within the term "the Corporation" for the purposes of this Agreement), but shall not otherwise be assignable by the Corporation.

11. Amendment or Modification; Waiver.

No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver shall be authorized by the Board or any authorized committee of the Board and shall be agreed to in writing, signed by the Executive and by an officer of the Corporation thereunto duly authorized. Except as otherwise specifically provided in this Agreement, no waiver by either party hereto of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a subsequent breach of such condition or provision or a waiver of a similar or dissimilar provision or condition at the same time or at any prior or subsequent time.

12. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Mr. William J. Carroll
c/o Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615

Copy to:

Mr. William J. Carroll
P.O. Box 1000
Toledo, Ohio 43697

If to the Corporation:

Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615
Attention: Secretary

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Corporation may withhold from any amounts payable under this Agreement such Federal, state or local taxes as it determines is required to be withheld pursuant to any applicable law or regulation.

(e) When used herein in connection with plans, programs and policies relating to the Executive, employees, compensation, benefits, perquisites, executive benefits, services and similar words and phrases, the word "Corporation" shall be deemed to include all wholly-owned Subsidiaries of the Corporation.

(f) This instrument contains the entire agreement of the parties concerning the subject matter, and all promises, representations, understandings, arrangements and prior agreements concerning the subject matter are merged herein and superseded hereby; provided, however, that this Agreement shall not affect or supercede the Change of Control Agreement, which shall operate in accordance with its terms concurrently with this Agreement and shall supercede this Agreement upon the occurrence of a Change of Control as defined in the Change of Control Agreement.

(g) No right, benefit or interest hereunder, shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect.

(h) The Executive shall not have any right, title, or interest whatsoever in or to any investments which the Corporation may make to aid it in meeting its obligations under this Agreement.

(i) All payments to be made under this Agreement shall be paid from the general funds of the Corporation and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of amounts payable under this Agreement.

(j) The Corporation and the Executive recognize that each party will have no adequate remedy at law for breach by the other of any of the agreements contained in this Agreement and, in the event of any such breach, the Corporation and the Executive hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of such agreements.

(k) Nothing contained in this Agreement shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and the Executive or any other person.

(l) To the extent that any person acquires a right to receive payments from the Corporation under this Agreement, except to the extent provided by law such right shall be no greater than the right of an unsecured general creditor of the Corporation.

(m) In the event of the Executive's death or a judicial determination of his incompetence, reference in this Agreement to the Executive shall be deemed, where appropriate, to refer to his legal representative or, where appropriate, to his Beneficiary.

(n) If any event provided for in this Agreement is scheduled to take place on a legal holiday, such event shall take place on the next succeeding day that is not a legal holiday.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, the Corporation have caused this Agreement to be executed as of the day and year first above written.

DANA CORPORATION

By /s/ G. H. Hiner
--------------------------------------
Acting Chairman of the Board of Directors

By /s/ R. B. Priory
--------------------------------------
Chairman of the Compensation Committee of the Board of Directors

Attest___________________

/s/ William J. Carroll
---------------------------------------
William J. Carroll

EXHIBIT A TO EMPLOYMENT AGREEMENT
MADE AS OF FEBRUARY 2, 2004 BETWEEN
DANA CORPORATION AND WILLIAM J. CARROLL

FORM OF RELEASE AGREEMENT

This Release Agreement ("Release") is entered into as of this ______day of ________, hereinafter "Execution Date", by and between [Executive Full Name] (hereinafter "Executive"), and [Employer Full Name] and its successors and assigns (hereinafter, the "Corporation"). The Executive and the Corporation are sometimes collectively referred to as the "Parties".

1. The Executive's employment with the Corporation is terminated effective [Month, Day, Year] (hereinafter "Termination Date"). The Corporation agrees to provide the Executive the severance benefits provided for in his Employment Agreement with the Corporation, dated as of [ ] (the "Agreement"), after he executes this Release and the Release becomes effective pursuant to its terms [FOR 40+ and does not revoke it as permitted in Section 4 below, the expiration of such revocation period being the "Effective Date")].

2. Executive represents that he has not filed, and will not file, any complaints, lawsuits, administrative complaints or charges relating to his employment with, or resignation from, the Corporation[; provided, however, that nothing contained in this Section 2 shall prohibit Executive from bringing a claim to challenge the validity of the ADEA Release in Section 4 herein]. In consideration of the benefits described in Section 1, for himself and his heirs, administrators, representatives, executors, successors and assigns (collectively, "Releasers"), Executive agrees to release the Corporation, its subsidiaries, affiliates, and their respective parents, direct or indirect subsidiaries, divisions, affiliates and related companies or entities, regardless of its or their form of business organization, any predecessors, successors, joint ventures, and parents of any such entity, and any and all of their respective past or present shareholders, partners, directors, officers, employees, consultants, independent contractors, trustees, administrators, insurers, agents, attorneys, representatives and fiduciaries, including without limitation all persons acting by, through, under or in concert with any of them (collectively, the "Released Parties"), from any and all claims, charges, complaints, causes of action or demands relating to his employment or termination of employment that Executive and his Releasers now have or have ever had against the Released Parties, whether known or unknown. This Release specifically excludes claims, charges, complaints, causes of action or demand that (a) post-date the Termination Date, (b) relate to unemployment compensation claims, (c) involve rights to benefits in which Executive is vested as of the Termination Date under any employee benefit plans and arrangements of the Corporation, (d) relate to claims for indemnification by Employee, or (e) involve obligations owed to Executive by the Corporation under the Agreement.

3. The Corporation, on its own behalf and on behalf of the Released Parties, hereby releases Executive from all claims, causes of actions, demands or liabilities which arose against the Executive on or before the time it signs this Agreement, whether known or unknown. This Paragraph, however, does not apply to or adversely affect any claims against Executive which allege or involve obligations owed by him to the Corporation under the Agreement.

The Corporation will indemnify Executive for reasonable attorneys' fees, costs and damages which may arise in connection with any proceeding by the Corporation or any Released Party which is inconsistent with this Release by the Corporation and the Released Parties.

4. [FOR EMPLOYEES OVER 40 ONLY -- In further recognition of the above, Executive hereby voluntarily and knowingly waives all rights or claims that he may have against the Released Parties arising under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), other than any such rights or claims that may arise after the date of execution of this Release. Executive specifically agrees and acknowledges that: (A) the release in this Section 4 was granted in exchange for the receipt of consideration that exceeds the amount to which he would otherwise be entitled to receive upon termination of his employment; (B) he has hereby been advised in writing by the Corporation to consult with an attorney prior to executing this Release; (C) the Corporation has given him a period of up to twenty-one (21) days within which to consider this Release, which period shall be waived by the Executive's voluntary execution prior to the expiration of the twenty-one day period, and he has carefully read and voluntarily signed this Release with the intent of releasing the Released Parties to the extent set forth herein; and (D) following his execution of this Release he has seven (7) days in which to revoke his release as set forth in this Section 4 only and that, if he chooses not to so revoke, the Release in this Section 4 shall then become effective and enforceable and the payment listed above shall then be made to him in accordance with the terms of this Release. To cancel this Release, Executive understands that he must give a written revocation to the General Counsel of the Corporation at [ ](1), either by hand delivery or certified mail within the seven-day period. If he rescinds the Release, it will not become effective or enforceable and he will not be entitled to any benefits from the Corporation.]

5. If any provision of this Release is held invalid, the invalidity of such provision shall not affect any other provisions of this Release. This Release is governed by, and construed and interpreted in accordance with the laws of the State of [ ], without regard to principles of conflicts of law. Executive consents to venue and personal jurisdiction in the State of [ ] for disputes arising under this Release. This Release represents the entire understanding with the Parties with respect to subject matter herein, and no other inducements or representations have been made or relied upon by the Parties. This Release shall be binding upon and inure to the benefit of Executive, his heirs and legal representatives, and the Corporation and its successors as provided in this Section 5. Any modification of this Release must be made in writing and be signed by Executive and the Corporation.

ACCEPTED AND AGREED TO:

_________________________________ _____________________________________

[Employer Full Name] [Executive Full Name]

Dated:________________________________ Dated:__________________________

- ----------

(1) Insert address.

Exhibit 10-E(2)

# EMPLOYMENT AGREEMENT

BETWEEN

DANA CORPORATION

AND

MICHAEL J. BURNS

DATED FEBRUARY 3, 2004

EMPLOYMENT AGREEMENT (the "Agreement") made and entered into on the 3rd day of February, 2004, by and between Dana Corporation, a Virginia corporation, whose principal place of business is located at 4500 Dorr Street, Toledo, Ohio (the "Corporation"), and Michael J. Burns (the "Executive");

WHEREAS, the Corporation wishes to employ the Executive on the terms and conditions set forth in this Agreement; and

WHEREAS, the Executive desires to be employed by the Corporation under the terms and conditions set forth herein, and to forego opportunities elsewhere during his period of employment; and

WHEREAS, the parties intend for this Agreement to operate until terminated in accordance with the terms hereof as more fully set forth herein.

NOW, THEREFORE, IN CONSIDERATION of the mutual promises, covenants and agreements set forth below, it is hereby agreed as follows:

1. Employment and Term.

The term of employment of the Executive by the Corporation hereunder (the "Employment Period") shall commence on the Commencement Date and shall continue until the occurrence of a Date of Termination (as defined in Section 4 below). For purposes of this Agreement, the "Commencement Date" shall mean March 1, 2004, or such earlier date as may be indicated in writing by the Executive.

2. Position and Duties of the Executive.

(a) Position. During the Employment Period, the Executive shall serve as President and Chief Executive Officer of the Corporation, with such duties and responsibilities as are customarily assigned to such positions, and such other duties and responsibilities commensurate therewith as may from time to time be assigned to him by the Board of Directors of the Corporation (the "Board"). The Executive shall report solely to the Board. Effective as of the Commencement Date, the Executive shall be appointed to the Board. Thereafter during the Employment Period, the Corporation shall cause the Executive to be included in the slate of persons nominated for election to the Board and shall use its best efforts (including, without limitation, the solicitation of proxies) to have the Executive elected and reelected to the Board for the duration of the Employment Period. It is the intention of the Board that the Executive shall be elected as Chairman of the Board ("Chairman") at such time that the Board deems it appropriate to do so. At the Corporation's request, upon termination of the Executive's employment with the Corporation for any reason, the Executive shall (i) promptly resign from the Board and from all other positions the Executive then holds as an officer or member of the board of directors of any of the Corporation's subsidiaries or affiliates and (ii) execute any and all documentation reflecting such resignations.

During the Employment Period the Executive shall, without compensation other than that herein provided, also serve and continue to serve, if and when elected and

re-elected, as an officer or director, or both, of any Subsidiary, division or Affiliate of the Corporation.

For all purposes of this Agreement, (1) a "Subsidiary" shall mean a corporation or other entity, of which 50% or more of the voting securities or other equity interests is owned directly, or indirectly through one or more intermediaries, by the Corporation, and (2) an "Affiliate" shall mean a corporation or other entity which is not a Subsidiary and which directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Corporation. For the purpose of this definition, the terms "control," "controls" and "controlled" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a corporation or other entity, whether through the ownership of voting securities, by contract, or otherwise.

(b) Scope of Duties. Throughout the Employment Period the Executive shall devote his full time and undivided attention during normal business hours to the business and affairs of the Corporation except for reasonable vacations and except for illness or incapacity, but nothing in this Agreement shall preclude the Executive from devoting reasonable periods required for the following activities, provided that such activities do not materially interfere with the regular performance of his duties and responsibilities under this Agreement or violate in any way Sections 8 or 9 of this Agreement:

(i) serving as a director or member of a committee of any organization involving no conflict of interest with the interests of the Corporation;

(ii) delivering lectures, fulfilling speaking engagements, teaching at educational institutions;

(iii) engaging in charitable and community activities; and

(iv) managing his personal investments.

3. Compensation and Benefits.

(a) Salary. During the Employment Period, the Executive shall be paid base salary at an annual rate not less than $950,000, which shall be increased to a rate not less than $1,000,000 as of the date the Executive is elected Chairman. The rate of base salary described above shall be subject to such increases as shall be awarded from time to time in accordance with the Corporation's regular administrative practices of other salary increases applicable to executives of the Corporation or other upward adjustments as the Board (or the Compensation Committee thereof (the "Compensation Committee")) deems to be necessary or desirable. The Executive's annual base salary as in effect from time to time in accordance with this Section 3(a) shall hereinafter be referred to as the "Annual Base Salary". The Annual Base Salary shall be payable in regular installments, no less frequently than monthly. Annual Base Salary shall not be reduced after any increase thereof pursuant to this Section 3(a). Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation of the Corporation under this Agreement.

(b) Additional Compensation. During the Employment Period, the Executive shall be eligible to receive annual short-term incentive awards or bonuses (such award or bonus is hereinafter referred to as an "Annual Bonus") pursuant to the Dana Corporation Additional Compensation Plan, and from any successor or replacement plan (the Dana Corporation Additional Compensation Plan and such successor or replacement plans being referred to herein collectively as the "ACP"), in accordance with the terms thereof. During the Employment Period, the Executive shall be eligible to earn a target Annual Bonus of 100% of Annual Base Salary and a maximum Annual Bonus of 200% of Annual Base Salary. Each Annual Bonus shall be determined on the same basis as other "A Group" executives of the Corporation and shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the receipt of such Annual Bonus is deferred in accordance with the terms of the ACP. Notwithstanding the foregoing, if Executive remains employed through December 31, 2004, the Executive shall be entitled to a guaranteed minimum bonus for calendar year 2004 equal to 100% of his Annual Base Salary for such year. For purposes of this Section 3(b), the Executive's Annual Base Salary for calendar year 2004 shall be annualized (i.e., not pro rated).

(c) Retirement Benefits. Subject to the provisions hereof, the Corporation shall provide the Executive with a supplemental retirement benefit as described below (the "Supplemental Retirement Benefit"). The Supplemental Retirement Benefit shall be equal to the vested portion of the balance of a notional cash balance account (the "Notional Account") that shall be established by the Corporation on behalf of the Executive as of the Commencement Date as if the Executive were a participant in the Dana Corporation CashPlus Plan (the "Cash Balance Plan"), subject to the terms and conditions described herein. Effective as of the Commencement Date, the Notional Account shall be credited with an initial amount of $5,900,000, and thereafter during the Employment Period shall be credited with annual service-based credits (the "Annual Credits") and interest credits (the "Interest Credits"). Except as otherwise provided herein, the Annual Credits and Interests Credits shall be calculated in the manner prescribed under the Cash Balance Plan (but without regard to any legally imposed limits on compensation or benefits under Section 401(a)(17) or Section 415 of the Internal Revenue Code of 1986, as amended). For purposes of calculating the Annual Credits, but not for the purpose of determining the amount of any other benefit under this Agreement, the Executive will be deemed to have completed 30 years of service with the Corporation as of the Commencement Date. The Notional Account, including Annual Credits and Interest Credits, shall become fully vested on the fifth anniversary of the Commencement Date (the "Vesting Date") if such date occurs during the Employment Period; provided, however, that if, prior to the Vesting Date, the Executive's employment with the Corporation terminates by reason of his death or Disability (as defined in Section 4(a)(ii) hereof) or if the Executive's employment is terminated by the Corporation without Cause or if the Executive terminates employment for Good Reason, the portion of the Notional Account that shall be vested shall be equal to the sum of (1) 75% plus (2) 5/12 of 1% multiplied by the number of full months elapsed from the Commencement Date to the Date of Termination. The Supplemental Retirement Benefit otherwise payable hereunder shall be offset by the amount of any vested account balance the Executive may have under the Dana Corporation SavingsWorks Plan, other than the portion thereof

attributable to the Executive's elective deferrals (e.g., 401(k) contributions). The Supplemental Retirement Benefit shall be paid in a single lump sum payment as soon as practicable following the Date of Termination. The Supplemental Retirement Benefit shall not provide the Executive with any legal or equitable rights, interest or claims in any property, equity or assets of the Corporation. The obligation to pay the Supplemental Retirement Benefit to the Executive shall be merely that of an unfunded and unsecured promise of the Corporation to pay money to the Executive in the future and shall be subject to the claims of the Corporation's creditors.

(d) Other Benefits. Except as provided herein, the Executive shall be eligible to participate in all employee benefit programs and perquisites provided by the Corporation from time to time for the benefit of its senior executives generally, including, without limitation, its Income Protection Plan for Management and Certain Other Employees providing layoff and severance benefits, its death benefit plans (consisting of its Group Insurance Plan for Management Employees providing life insurance, accidental death and dismemberment insurance, and travel accident insurance), its disability benefit plans (consisting of its salary continuation, sickness and accident and long-term disability benefits programs), its medical, dental and health and welfare plans and other present or equivalent successor plans and practices of the Corporation, its Subsidiaries and divisions, for active employees, for which senior executive officers, their dependents and beneficiaries, are eligible, and shall be entitled to all payments or other benefits under any such plan or practice subsequent to the Employment Period as a result of participation in such plan or practice during the Employment Period. In addition, during the first three years of the Employment Period, the Executive shall be entitled to be reimbursed by the Corporation for expenses incurred for continued tax preparation services by the Executive's current provider in an amount not to exceed $10,000 per year. The Executive acknowledges that he shall not be eligible to participate in any tax-qualified defined benefit pension plan (and associated excess benefits plan) currently maintained by the Corporation, which have been closed to new participants.

(e) 2004 Equity Grants.

(i) Initial Option Grant. As of the Commencement Date, the Compensation Committee shall grant to the Executive, pursuant to the Dana Corporation Amended and Restated Stock Incentive Plan (as amended from time to time, the "Stock Incentive Plan"), a non-qualified stock option (the "Initial Option") to purchase 150,000 shares of common stock of the Corporation, par value $1 per share ("Corporation Stock"). The Initial Option shall have a per share exercise price equal to the "fair market value" (as such term is defined in the Stock Incentive Plan) on the Commencement Date, shall vest and become fully exercisable with respect to 25% of the shares subject thereto on each of the first four (4) anniversaries of the Commencement Date, so long as the Executive remains employed by the Company on such date, and shall otherwise be subject to the terms and conditions set forth in the Stock Incentive Plan and in Exhibit A attached hereto.

(ii) Initial Long Term Performance Stock Award. As of the Commencement Date, the Compensation Committee shall award to the Executive an aggregate of 36,865 performance shares (the "Performance Shares") pursuant to the Stock Incentive Plan. A minimum of zero percent (0%) and a maximum of two hundred percent (200%) of the Performance Shares may be earned by the Executive based on the Corporation's satisfaction of certain performance criteria over the 2004-2006 performance period. The terms and conditions applicable to the award of Performance Shares are as set forth in Exhibit B attached hereto.

(iii) Initial Restricted Stock Unit Grant. As of the Commencement Date, the Compensation Committee shall award to the Executive an aggregate of 24,577 restricted stock units (the "RSUs") pursuant to the Stock Incentive Plan. The terms and conditions applicable to the award of RSUs are as set forth in Exhibit C attached hereto.

(f) Replacement Compensation.

(i) To the extent that (A) the prior employer of the Executive (the "Prior Employer") fails to pay to the Executive any portion of Executive's compensation earned by him as of December 31, 2003 in respect of (1) his annual bonus for 2003 or (2) long-term incentive awards earned by him in respect of cycles ending December 31, 2003, or (B) the Executive forfeits any "option gains" in respect of stock options of the Prior Employer which were vested as of December 31, 2003, the Corporation agrees to pay to the Executive, in cash and/or in unrestricted shares of Corporation Stock, an aggregate amount necessary to replace such forfeited or unpaid compensation. Subject to the provisions of the succeeding sentence, the amount payable by the Corporation pursuant to the preceding sentence shall be paid to the Executive promptly after the Executive has provided the Corporation with reasonable evidence satisfactory to the Compensation Committee to the effect that such compensation was forfeited or otherwise not paid by the Prior Employer, including the amount thereof. If the Executive receives payment from the Prior Employer in respect of any of the foregoing after the date the Corporation has made a payment to him hereunder, then the Executive shall notify the Corporation and promptly remit to the Corporation all amounts so received from the Prior Employer.

(ii) The Compensation Committee shall make the following grants to the Executive to replace the value of other compensation being forfeited by the Executive by reason of terminating his employment with the Prior Employer:

(1) As of the Commencement Date, the Executive shall be awarded 38,558 restricted stock units (the "Additional RSUs") pursuant to the Stock Incentive Plan and subject to the individual limits for grants of this nature set forth in the Stock Incentive Plan. The terms and conditions applicable to the award of Additional RSUs are as set forth in Exhibit D attached hereto.

(2) As of the Commencement Date, but subject to the approval by the stockholders of the Corporation at the 2004 Annual Meeting of an amendment to the Stock Incentive Plan raising the overall annual limitation on the number of shares of Corporation Stock underlying awards which can be granted to any individual thereunder (the "Plan Amendment"), the Executive shall be granted an additional 102,552 RSUs (the "Contingent RSUs"). The Contingent RSUs shall be subject to the same terms and conditions as those set forth in Section 3(f)(ii)(1) above with respect to the Additional RSUs. If for any reason the Plan Amendment is not approved by the Corporation's stockholders, the Compensation Committee shall make an economically equivalent replacement award on identical terms, except that settlement of such replacement award shall be in cash rather than in Corporation Stock.

(3) As of the Commencement Date, the Executive shall be granted a non-qualified stock option (the "Replacement Option") in respect of 360,000 shares of Corporation Stock pursuant to the Stock Incentive Plan. The Replacement Option shall have a per share exercise price equal to the "fair market value" (as such term is defined in the Stock Incentive Plan) on the Commencement Date, shall vest and become fully exercisable with respect to 25% of the shares subject thereto on each of the first four (4) anniversaries of the Commencement Date, so long as the Executive remains employed by the Corporation on such date, and shall otherwise be subject to the terms and conditions set forth in the Stock Incentive Plan and Exhibit E attached hereto.

(g) 2005 Long-Term Incentive Awards. At the time in 2005 that the Compensation Committee customarily makes long-term incentive awards under the Corporation's incentive plans to the senior executives of the Corporation, the Compensation Committee shall grant long-term incentive awards to the Executive which, in the aggregate, have a grant date present value equal to 400% of the Executive's Annual Base Salary. Fifty percent (50%) of the value of such awards shall be made in the form of stock options, thirty percent (30%) of the value of such awards shall be made in the form of long-term performance shares and twenty percent (20%) of the value of such

awards shall be made in the form of restricted stock units, as determined by the methodologies employed by the Compensation Committee.

(h) Expenses/Relocation. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the polices, practices and procedures of the Corporation and its Subsidiaries and Affiliates from time to time in effect, commensurate with his position and on a basis at least comparable to that of other senior executives of the Corporation. The Corporation shall reimburse Executive for expenses incurred in connection with his relocation from Zurich, Switzerland to Toledo, Ohio in accordance with the Corporation's relocation policy as currently in effect.

(i) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to personal secretarial and other assistance, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(j) Vacation and Other Absences. During the Employment Period, the Executive shall be entitled to paid vacation and such other paid absences whether for holidays, illness, personal time or any similar purposes, in accordance with the plans, policies, programs and practices of the Corporation and its Subsidiaries and Affiliates in effect from time to time, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(k) Change of Control Agreement. On the date hereof, the Executive and the Corporation shall enter into a change of control agreement substantially in the form annexed hereto (the "Change of Control Agreement").

4. Termination of Employment.

(a) Death or Disability.

(i) The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period.

(ii) If the Corporation determines in good faith that the Disability (as defined below) of the Executive has occurred during the Employment Period, it may give to the Executive written notice in accordance with Section 18(b) below of its intention to terminate the Executive's employment. In such event, the Employment Period shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided, that within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Corporation on a full-time basis for 180 consecutive business days

as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Corporation or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause. The Corporation may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, the termination of the Executive's employment shall be deemed to have been for "Cause" only

(i) if termination of his employment shall have been the result of his conviction of, or plea of guilty or nolo contendere to, the charge of having committed a felony (whether or not such conviction is later reversed for any reason), or

(ii) if there has been a breach by the Executive during the Employment Period of the provisions of Section 2(b), relating to the time to be devoted to the affairs of the Corporation, or of Sections 8 or 9, relating to confidential information and competition, and such breach results in demonstrably material injury to the Corporation;

provided, that a termination of the Executive's employment hereunder for Cause shall not be effective unless and until there shall have been delivered to the Executive a certified copy of a resolution of the Board adopted by the affirmative vote of not less than three-fourths of the entire membership of the Board (excluding the Executive) at a meeting of the Board called and held for that purpose and with respect to which the Executive was given prior notice and an opportunity, together with counsel, to be heard, finding that the Executive was guilty of conduct set forth in subparagraph (i) or (ii) above, specifying the particulars thereof in detail, and, in the case of subparagraph (ii) above, in the case of an alleged breach of the provisions of Section 2(b), the Executive shall have either failed to remedy such alleged breach within thirty days from his receipt of written notice from the Secretary of the Corporation pursuant to such resolution duly adopted by the Board demanding that he remedy such alleged breach, or shall have failed to take all reasonable steps to that end during such thirty-day period.

Anything in this Section 4(b) or elsewhere in this Agreement to the contrary notwithstanding, the employment of the Executive shall in no event be considered to have been terminated by the Corporation for Cause if termination of his employment took place

(1) as the result of bad judgment or negligence on the part of the Executive, or

(2) because of an act or omission believed by the Executive in good faith to have been in or not opposed to the interests of the Corporation, or

(3) for any act or omission in respect of which a determination could properly be made that the Executive met the applicable standard of conduct prescribed for indemnification or reimbursement or payment of expenses under (A) the Bylaws of the Corporation, or (B) the laws of the State of Virginia, or (C) the directors' and officers' liability insurance of the Corporation, in each case either as in effect at the time of this Agreement or in effect at the time of such act or omission, or

(4) as the result of an act or omission which occurred more than twelve calendar months prior to the Executive's having been given notice of the termination of his employment for such act or omission unless the commission of such act or such omission could not at the time of such commission or omission have been known to a member of the Board (other than the Executive, if he is then a member of the Board), in which case more than twelve calendar months from the date that the commission of such act or such omission was or could reasonably have been so known, or

(5) as the result of a continuing course of action which commenced and was or could reasonably have been known to a member of the Board (other than the Executive, if he is then a member of the Board) more than twelve calendar months prior to notice having been given to the Executive of the termination of his employment.

(c) Good Reason. During the Employment Period, the Executive may terminate his employment for Good Reason. For purposes of this Agreement, "Good Reason" shall mean (i) the assignment to the Executive of duties which are materially inconsistent with his status as the Corporation's Chief Executive Officer or a material adverse change in the nature or status of the Executive's responsibilities or (ii) a material breach by the Corporation of the provisions of this Agreement, in either case which is not remedied within 30 days after receipt by the Corporation of written Notice of Termination from the Executive; provided, that (1) the Executive shall have provided a written Notice of Termination to the Corporation, attention of the Secretary, given within 90 days following the occurrence of the event giving rise to the assertion of Good Reason and (2) such written Notice of Termination provides for a Date of Termination not less than 30 days nor more than 60 days after receipt by the Corporation of

such Notice of Termination, unless the Corporation shall agree to an earlier Date of Termination.

An election by the Executive to terminate his employment given under this Section 4(c) shall not be deemed a voluntary termination of employment by the Executive for the purpose of this Agreement or any plan or practice of the Corporation.

(d) Notice of Termination. Any termination of the Executive's employment by the Corporation or by the Executive hereunder (other than termination by reason of the Executive's death) shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 18(b) below. For purposes of this Agreement, a "Notice of Termination" means a written notice which

(i) indicates the specific termination provision in this Agreement relied upon,

(ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and

(iii) specifies the Date of Termination (as defined in Section 4 (e) below).

(e) Date of Termination. "Date of Termination" means

(i) if the Executive's employment is terminated by the Corporation for Cause, the date of the Notice of Termination (or any later date specified therein, as the case may be),

(ii) if the Executive's employment is terminated by the Executive other than for Good Reason, the date specified in the Notice of Termination, which shall not be less than thirty (30) days following the date of such Notice of Termination,

(iii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination made in accordance with Section 4(c) above,

(iv) if the Executive's employment is terminated by the Corporation other than for Cause or Disability, the Date of Termination shall be the later of the date of the Notice of Termination or any later date specified therein, as the case may be, and

(v) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be (A) the close of business on the last day of the month in which occurs the date of death of the Executive or (B) the Disability Effective Date, as the case may be.

5. Obligations of the Corporation Upon Termination.

(a) Termination by the Corporation Other Than for Cause, Death or Disability. If, during the Employment Period, the Corporation shall terminate the Executive's employment other than for Cause, death or Disability or the Executive shall terminate his employment for Good Reason (termination in any such case referred to as "Termination"), subject to and conditioned upon the execution by the Executive of, and his not subsequently revoking, a release substantially in the form attached hereto as Exhibit F:

(i) the Corporation shall pay the Executive in a lump sum in cash within 30 days after the Date of Termination the sum of:

(1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid,

(2) a pro rata Annual Bonus for the fiscal year in which occurs the Date of Termination, such pro rata Annual Bonus to be equal to the product of (x) the Executive's target Annual Bonus in effect under the ACP as of the Date of Termination and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365, and

(3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), his Supplemental Retirement Benefit as determined under Section 3(c) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2) and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(ii) the Corporation shall pay to the Executive on a monthly basis an amount equal to the Executive's Severance Compensation (defined below), payment of such Severance Compensation to commence on the last day of the month immediately following the month in which occurs the Date of Termination and to be paid on the last day of each month thereafter until the earlier to occur of (x) the last day of the month in which occurs the second anniversary of the Date of Termination or (y) the last day of the month in which the Executive attains the age of 65 (such period to be called the "Termination Period"); provided, however, that such payments shall be reduced (but not below zero) to reflect any other amounts payable to the Executive in respect of salary or bonus continuation to be received by the Executive under any severance plan, policy or arrangement of the Corporation. For purposes of this Agreement, the term "Severance Compensation" shall mean the

sum of (1) one-twelfth (1/12) of the Annual Base Salary provided in Section 3(a) at the rate being paid at the time the Executive's termination of employment occurred, and (2) one-twelfth (1/12) of the Executive's target Annual Bonus in effect under the ACP for the fiscal year in which the Date of Termination occurs; and

(iii) During the Termination Period, or such longer period as any plan, program, practice or policy may provide, the Corporation shall continue benefits to the Executive and/or the Executive's dependents and beneficiaries at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies of the Corporation providing medical, dental, disability and life insurance coverage if the Executive's employment had not been terminated in accordance with the most favorable plans, practices, programs or policies of the Corporation and its Subsidiaries and Affiliates as in effect and applicable generally to other senior executives of the Corporation and its Subsidiaries and Affiliates and their families during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Executive, as in effect at any time thereafter or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other senior executives of the Corporation and its Subsidiaries and Affiliates and their dependents and beneficiaries, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to the respective similar benefits provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the end of the Termination Period and to have retired on the date of the end of the Termination Period. To the extent that any benefits referred to in this Section 5(a)(iii) shall not be payable or provided under any such plan by reason of the Executive's no longer being an employee of the Corporation as the result of Termination, the Corporation shall itself pay, or provide for payment of, such benefits and the service credit for benefits provided for in Section 5(a)(iv) below, to the Executive, his dependents and beneficiaries.

(iv) All of the Executive's outstanding equity awards, including, without limitation, the awards described herein in Exhibits A-E hereof shall be treated in accordance with the agreements evidencing such awards and shall remain subject to the terms and conditions contained therein.

(b) Cause; Voluntary Termination by the Executive. If the Executive's employment shall be terminated for Cause during the Employment Period or if the Executive voluntarily terminates his employment during the Employment Period other than for Good Reason, the Corporation shall have no further obligations to the Executive under this Agreement other than the obligation to pay through the Date of Termination the Executive's Annual Base Salary, any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), his Supplemental Retirement Benefit as determined under Section 3(c) and accrued but unused vacation pay, in each case to the extent not theretofore paid, and any other amounts or benefits to which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation.

(c) Death or Disability.

(i) In the event of the death of the Executive during the Employment Period, the legal representative or designated beneficiary of the Executive shall be entitled to the compensation provided for in Sections 3(a) and 3(b) above through the end of the month in which death shall have taken place, at the rate being paid at the time of death, and at the times that such amounts would have been paid or earned by the Executive had the Executive lived, and the Employment Period shall be deemed to have ended as of the close of business on the last day of the month in which death shall have occurred but without prejudice to any payments due in respect of the Executive's death.

(ii) In the event of the Disability of the Executive during the Employment Period, the Executive shall be entitled to the compensation provided for in Sections 3(a) and 3(b) above, at the rate being paid on the Disability Effective Date, and at the times that such amounts would have been paid or earned by the Executive had the Executive remained employed by the Corporation, for the period of such Disability but not in excess of six months. The amount of any payments due under this Section 5(c)(ii) shall be reduced by any payments to which the Executive may be entitled for the same period because of disability under any disability or pension plan of the Corporation or of any Subsidiary or Affiliate thereof.

(iii) In the event of the Executive's death or Disability as set forth in Sections 5(c)(i) or 5(c)(ii) above, the Executive (or, in the event of his death, his legal representative or designated beneficiary) shall be entitled to receive any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), his Supplemental Retirement Benefit as determined under Section 3(c) and accrued but unused vacation pay, in each case to the extent not theretofore paid, and any other amounts or benefits to

which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation.

(d) Resolution of Disputes/Right of Election by Executive to Arbitrate or Sue. In the event that the Executive's employment shall be terminated by the Corporation during the Employment Period and such termination is alleged to be with Cause, or the Corporation shall withhold payments or provision of benefits for any other reason, the Executive shall have the right, in addition to all other rights and remedies provided by law, at his election either to seek arbitration within the Toledo, Ohio area under the rules of the American Arbitration Association by serving a notice to arbitrate upon the Corporation or to institute a judicial proceeding, in either case within ninety days after having received Notice of Termination of his employment or notice in any form that the termination of his employment under Section 4(b) above is subject to question or under consideration or that the Corporation is withholding or proposes to withhold payments or provision of benefits.

6. Non-exclusivity of Rights.

Except as provided in Sections 5(a), 5(b) and 5(c) above, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Corporation or any of its Subsidiaries and Affiliates and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement entered into after the date hereof with the Corporation or any of its Subsidiaries and Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of, or any contract or agreement entered into after the date hereof with, the Corporation or any of its Subsidiaries and Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

7. Full Settlement.

The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Corporation may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as provided in Section 5(a)(iii) above, such amounts shall not be reduced whether or not the Executive obtains other employment.

8. Confidential Information.

(a) The Executive agrees not to disclose, either while in the Corporation's employ or at any time thereafter, to any person not employed by the

Corporation, or not engaged to render services to the Corporation, except with the prior written consent of an officer authorized to act in the matter by the Board, any confidential information of the Corporation, its Subsidiaries and Affiliates obtained by him while in the employ of the Corporation, including, without limitation, information relating to any of the Corporation's inventions, processes, formulae, plans, devices, compilations of information, methods of distribution, customers, client relationships, marketing strategies or trade secrets; provided, however, that this provision shall not preclude the Executive from use or disclosure of information known generally to the public or of information not considered confidential by persons engaged in the business conducted by the Corporation or from disclosure required by law or court order. The agreement herein made in this Section 8(a) shall be in addition to, and not in limitation or derogation of, any obligations otherwise imposed by law upon the Executive in respect of confidential information and trade secrets of the Corporation, its Subsidiaries and Affiliates.

(b) The Executive also agrees that upon leaving the Corporation's employ he will not take with him, without the prior written consent of an officer authorized to act in the matter by the Board, and he will surrender to the Corporation any record, list, drawing, blueprint, specification or other document or property of the Corporation, its Subsidiaries and Affiliates, together with any copy and reproduction thereof, mechanical or otherwise, which is of a confidential nature relating to the Corporation, its Subsidiaries and Affiliates, or, without limitation, relating to its or their methods of distribution, client relationships, marketing strategies or any description of any formulae or secret processes, or which was obtained by him or entrusted to him during the course of his employment with the Corporation.

9. Competition.

(a) The Executive agrees that he will not engage in Competition at any time (i) during the Employment Period or (ii) during the twenty-four (24) month period immediately following the termination of the Executive's employment hereunder for any reason. In addition, during the twenty-four (24) month period immediately following the termination of the Executive's employment hereunder for any reason, the Executive agrees that he will not make or publish any statement which is, or may reasonably be considered to be, disparaging of the Corporation or any of its Subsidiaries or Affiliates, or directors, officers, employees or the operations or products of the Corporation or any of its Subsidiaries or Affiliates.

(b) The word "Competition" for the purposes of this Agreement shall mean

(i) taking a management position with or control of a business engaged in the design, development, manufacture, marketing or distribution of products, which constituted 15% or more of the sales of the Corporation and its Subsidiaries and Affiliates during the last fiscal year of the Corporation preceding the termination of the Executive's employment, in any geographical area in which the Corporation, its Subsidiaries or Affiliates is at the time engaging in the design, development, manufacture, marketing or distribution of such products; provided, however, that in no event shall ownership of less than 5% of the outstanding capital stock entitled to vote for the election of directors of a corporation with a class of equity securities held of record by more than 500 persons, standing alone, be deemed Competition with the Corporation within the meaning of this Section 9, or

(ii) soliciting any person who is a customer of the businesses conducted by the Corporation and its Subsidiaries and Affiliates, or any business in which the Executive has been engaged on behalf of the Corporation and its Subsidiaries or Affiliates at any time during the Employment Period on behalf of a business described in clause (i) of this Section 9(b), or

(iii) inducing or attempting to persuade any employee of the Corporation or any of its Subsidiaries or Affiliates to terminate his employment relationship in order to enter into employment with a business described in clause (i) of this Section 9(b).

(c) If, at any time, the provisions of this Section 9 shall be determined to be invalid or unenforceable, by reason of being vague or unreasonable as to area, duration or scope, the provisions of this Section 9 shall be divisible and shall become immediately amended to cover only such area, duration or scope as shall be determined to be reasonable and enforceable by the court or other body having jurisdiction over the matter; and the Executive agrees that Section 9 as so amended shall be valid and binding as though any invalid or unenforceable provision had not been included herein.

10. Legal Fees.

(a) The Corporation shall pay directly or reimburse the Executive for reasonable legal fees and expenses incurred in connection with the negotiation and preparation of this Agreement; provided, however, that such payment or reimbursement obligation shall not exceed $25,000 in the aggregate.

(b) The Corporation shall pay the Executive for all legal fees and expenses incurred by him in seeking to obtain or enforce any right or benefit to which the Executive is entitled under this Agreement, provided that the

Executive substantially prevails with respect to the matter in dispute in any dispute resolution proceeding connected therewith. Such payments shall be made following the conclusion of such dispute resolution proceeding, within five (5) business days of the Corporation's receipt of a written request for payment accompanied by such evidence of fees and expenses incurred as the Corporation may reasonably require.

11. Public Announcement.

The Corporation and the Executive agree to fully cooperate with respect to the timing and content of any public announcement regarding the hiring of the Executive or the execution of this Agreement.

12. New Hire Procedures.

The Executive shall cooperate with the Corporation in complying with the Corporation's standard new hire policies and procedures.

13. No Violations.

As a material inducement to the Corporation's willingness to enter into this Agreement, the Executive represents to the Corporation that neither the execution of this Agreement by the Executive, the employment of the Executive by the Corporation nor the performance by the Executive of his duties hereunder will constitute a violation by the Executive of any employment, non-competition or other agreement to which the Executive is a party. The Executive agrees to indemnify and hold harmless the Corporation from any loss, claim, damage, cost or expense of any kind (including reasonable attorney's fees) to which the Corporation may be subject by virtue of a breach by the Executive of the foregoing representation.

14. Indemnification; Director's And Officer's Insurance.

Pursuant to the Corporation's policies as in effect from time to time and to the fullest extent permitted by law and the Corporation's certificate of incorporation and by-laws, the Corporation shall indemnify the Executive for all amounts (including, without limitation, judgments, fines, settlement payments, losses, damages, costs and expenses (including reasonable attorneys' fees)) incurred or paid by the Executive in connection with any action, proceeding, suit or investigation (the "Proceeding") arising out of or relating to the performance by the Executive of services for, or acting as a fiduciary of any employee benefit plans, programs or arrangements of the Corporation or as a director, officer or employee of, the Corporation or any Subsidiary or Affiliate thereof. The Corporation also agrees to maintain a director's and officers' liability insurance policy covering the Executive to the extent the Corporation provides such coverage for its other senior executive officers. Following the termination of the Executive's employment hereunder, the Corporation shall continue to indemnify and maintain such insurance for the benefit of the Executive with respect to such services performed during the Employment Period.

15. Stock Ownership Guidelines.

The Executive agrees to comply with the Corporation's stock ownership guidelines applicable to the Corporation's senior executive officers, as the same may be in effect from time to time.

16. Successors.

Except as otherwise provided herein,

(a) This Agreement shall be binding upon and shall inure to the benefit of the Executive, his heirs and legal representatives, and the Corporation and its successors as provided in this Section 16.

(b) This Agreement shall be binding upon and inure to the benefit of the Corporation and any successor of the Corporation, including, without limitation, any corporation or corporations acquiring, directly or indirectly, 50% or more of the outstanding securities of the Corporation, or all or substantially all of the assets of the Corporation, whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed embraced within the term "the Corporation" for the purposes of this Agreement), but shall not otherwise be assignable by the Corporation.

17. Amendment or Modification; Waiver.

No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver shall be authorized by the Board or any authorized committee of the Board and shall be agreed to in writing, signed by the Executive and by an officer of the Corporation thereunto duly authorized. Except as otherwise specifically provided in this Agreement, no waiver by either party hereto of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a subsequent breach of such condition or provision or a waiver of a similar or dissimilar provision or condition at the same time or at any prior or subsequent time.

18. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Mr. Michael J. Burns
10200 Blue Heron Point,
West Palm Beach, FL 33412

If to the Corporation:

Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615
Attention: Secretary

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Corporation may withhold from any amounts payable under this Agreement such Federal, state or local taxes as it determines is required to be withheld pursuant to any applicable law or regulation.

(e) When used herein in connection with plans, programs and policies relating to the Executive, employees, compensation, benefits, perquisites, executive benefits, services and similar words and phrases, the word "Corporation" shall be deemed to include all wholly-owned Subsidiaries of the Corporation.

(f) This instrument (including Exhibits hereto) contains the entire agreement of the parties concerning the subject matter, and all promises, representations, understandings, arrangements and prior agreements concerning the subject matter are merged herein and superseded hereby; provided, however, that this Agreement shall not affect or supersede the Change of Control Agreement, which shall operate in accordance with its terms concurrently with this Agreement and shall supersede this Agreement upon the occurrence of a Change of Control as defined in the Change of Control Agreement.

(g) No right, benefit or interest hereunder, shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect.

(h) The Executive shall not have any right, title, or interest whatsoever in or to any investments which the Corporation may make to aid it in meeting its obligations under this Agreement.

(i) All payments to be made under this Agreement shall be paid from the general funds of the Corporation and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of amounts payable under this Agreement.

(j) The Corporation and the Executive recognize that each party will have no adequate remedy at law for breach by the other of any of the agreements contained in this Agreement and, in the event of any such breach, the Corporation and the Executive hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of such agreements.

(k) Nothing contained in this Agreement shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and the Executive or any other person.

(l) To the extent that any person acquires a right to receive payments from the Corporation under this Agreement, except to the extent provided by law such right shall be no greater than the right of an unsecured general creditor of the Corporation.

(m) To the extent necessary to effectuate the terms of this Agreement, the terms of this Agreement which must survive the termination of the Executive's employment or the termination of this Agreement shall so survive.

(n) In the event of the Executive's death or a judicial determination of his incompetence, reference in this Agreement to the Executive shall be deemed, where appropriate, to refer to his legal representative or, where appropriate, to his beneficiary.

(o) If any event provided for in this Agreement is scheduled to take place on a legal holiday, such event shall take place on the next succeeding day that is not a legal holiday.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, the Corporation have caused this Agreement to be executed as of the day and year first above written.

DANA CORPORATION

By /s/ G. H. Hiner
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Chairman

/s/ M. J. Burns
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Michael J. Burns

EXHIBIT A

DANA CORPORATION
AMENDED AND RESTATED STOCK INCENTIVE PLAN

This is to certify that

[NAME]

(the "Optionee") is hereby granted a non-qualified option (the "Option") to purchase [number] shares of Stock.

This grant is set forth in accordance with the terms and conditions of the Dana Corporation Amended and Restated Stock Incentive Plan (the "Plan").

GRANT DATE: The Commencement Date, as defined in the Employment Agreement (defined herein)

VESTING SCHEDULE: 25% per year on each of the first four anniversaries of the Commencement Date

EXERCISE PRICE PER SHARE: [insert price]

ADDITIONAL TERMS: See the following pages of this certificate

Dana Corporation

By: ___________________________________
Chairman

THIS IS NOT A STOCK CERTIFICATE. THIS CERTIFICATE IS SUBJECT TO, GOVERNED BY, AND INCORPORATES BY REFERENCE ALL OF THE TERMS AND CONDITIONS OF THE PLAN. IF A CONFLICT OCCURS BETWEEN THIS CERTIFICATE AND THE PLAN DOCUMENT, OR IF ANY POINT IS NOT REFLECTED HEREIN, THE TERMS OF THE PLAN DOCUMENT SHALL GOVERN. PLEASE REFER TO THE OFFICIAL PLAN DOCUMENT FOR AN EXPLANATION OF THE TERMS AND CONDITIONS OF THIS GRANT AND A FULL DESCRIPTION OF YOUR RIGHTS AND OBLIGATIONS. THIS CERTIFICATE, INCLUDING THE TERMS AND CONDITIONS DESCRIBED ON THE FOLLOWING PAGES, CONSTITUTES YOUR AWARD AGREEMENT AS REQUIRED BY THE PLAN.

ADDITIONAL TERMS:

1. In the event that the employment of the Optionee with the Corporation or a subsidiary is terminated for any reason, any portion of the Option that has not vested as of the date of termination shall be forfeited and shall immediately terminate; provided, however, that the vesting of the Option subject to this grant shall accelerate upon the occurrence of the following events: (i) termination of the Optionee's employment on account of the death of the Optionee; (ii) termination of the Optionee's employment on account of Disability, as defined in the Employment Agreement between the Optionee and the Corporation, as the same may be amended from time to time (the "Employment Agreement"); (iii) termination of the Optionee's employment with the Corporation due to his retirement after attaining the age of 55 and 15 years of service with the Corporation; and (iv) upon the occurrence of a Change in Control of the Corporation, as defined in the Plan.

2. To the extent that the Optionee holds vested Options at the time of his termination from employment by operation of Section 1, above, such Options shall remain exercisable until the earlier to occur of the expiration of the ten-year Option term or the expiration of the applicable period (or, if applicable, until the date) set forth below: (i) in the case of the Optionee's death or Disability, one year following the date of death or the Disability Effective Date (as defined in the Employment Agreement), as the case may be; (ii) in the case of the Optionee's retirement after attaining age 55 and 15 years of service with the Corporation, five years following the date of termination; (iii) in the case of termination of the Optionee's employment at the initiative of the Corporation (and not on the Optionee's initiative) without Cause (as defined in the Employment Agreement) or in the case of Optionee's termination of employment for Good Reason (as defined in the Employment Agreement), 90 days following the Date of Termination (as defined in the Employment Agreement); and (iv) in the case of any other termination of employment, the Date of Termination (as defined in the Employment Agreement).

3. The Optionee shall pay to the Corporation, at the times that he realizes taxable income in respect of the grant, an amount equal to the taxes the Corporation determines it is required to withhold. In lieu of such payment, in whole or in part, the Corporation may withhold from any shares of Stock it would otherwise deliver to the Optionee all or part of the number of such shares the Fair Market Value of which is equal to the amount of taxes required to be withheld.

4. The validity and construction of this award agreement shall be governed by the laws of the State of Ohio.

EXHIBIT B

DANA CORPORATION
AMENDED AND RESTATED STOCK INCENTIVE PLAN

This is to certify that

[NAME]

(the "Grantee") is hereby granted [number] shares of Performance Stock (the "Performance Shares")

This grant is set forth in accordance with the terms and conditions of the Dana Corporation Amended and Restated Stock Incentive Plan (the "Plan").

GRANT DATE: The Commencement Date, as defined in the Employment Agreement (defined herein)

VESTING SCHEDULE: The Performance Shares shall vest and become earned only at the end of the 2004-2006 performance period (the "Performance Period") in accordance with the vesting terms set forth herein, except as otherwise provided in the Additional Terms annexed hereto.

ADDITIONAL TERMS: See the following pages of this certificate

Dana Corporation

By: ___________________________________
Chairman

THIS IS NOT A STOCK CERTIFICATE. THIS CERTIFICATE IS SUBJECT TO, GOVERNED BY, AND INCORPORATES BY REFERENCE ALL OF THE TERMS AND CONDITIONS OF THE PLAN. IF A CONFLICT OCCURS BETWEEN THIS CERTIFICATE AND THE PLAN DOCUMENT, OR IF ANY POINT IS NOT REFLECTED HEREIN, THE TERMS OF THE PLAN DOCUMENT SHALL GOVERN. PLEASE REFER TO THE OFFICIAL PLAN DOCUMENT FOR AN EXPLANATION OF THE TERMS AND CONDITIONS OF THIS GRANT AND A FULL DESCRIPTION OF YOUR RIGHTS AND OBLIGATIONS. THIS CERTIFICATE, INCLUDING THE TERMS AND CONDITIONS DESCRIBED ON THE FOLLOWING PAGES, CONSTITUTES YOUR AWARD AGREEMENT AS REQUIRED BY THE PLAN.

ADDITIONAL TERMS:

1. The Grantee may not sell, assign, transfer, donate, pledge or otherwise dispose of the Performance Shares.

2. the Corporation shall establish a Performance Share account on its books, in the name of the Grantee, and shall credit to such account the number of Performance Shares granted to Grantee pursuant to this award agreement. In the event that any Performance Shares are earned pursuant to the provisions of Paragraph 3, the Grantee will be entitled to receive, as soon as practicable following the end of the Performance Period (except as provided in Paragraph 4 below), the number of shares of Stock equal to the sum of (i) 50% of the number of Performance Shares credited to the Grantee's account, multiplied by a percentage (minimum 0% and maximum 200%) based upon the extent to which the Corporation achieves the [ ] Goal (defined below) and (ii) 50% of the number of Performance Shares credited to the Grantee's account, multiplied by a percentage based upon the extent to which the Corporation achieves the [ ] Goal (defined below). Unless otherwise determined by the Committee, all distributions made to the Grantee hereunder in respect of the Performance Shares shall be made in the form of Stock.

3. For purposes of this award agreement, the term "[ ] Goal" shall mean the cumulative compound growth in [ ]of the Corporation over the Performance Period and the term "[ ] Goal" shall mean the Corporation's three-year average [ ] measured against the Corporation's peers. The particular level of performance necessary to achieve threshold, target and maximum performance in respect of the [ ] Goal and the [ ] Goal shall be determined by the Committee, in its discretion, and shall be applied to the Grantee on the same basis as is applied to other recipients of performance share awards in respect of the Performance Period. Straight line interpolation shall be employed to reflect performance results that fall between the respective threshold, target and maximum performance levels.

4. In the event that the employment of the Grantee with the Corporation or a subsidiary is terminated for any reason prior to the end of the Performance Period, the Performance Shares credited to the Grantee's account shall be forfeited to the Corporation immediately upon such termination, and the Grantee shall cease to have any rights with respect to, or any interest in, the forfeited Performance Shares effective as of the date of termination, except as follows:

    (a) Termination of the Grantee's employment on account of death: Provided that the Grantee has been employed with the Corporation for not less that one year following the Commencement Date (as defined in Grantee's employment agreement with the Corporation (the "Employment Agreement")), the Grantee's beneficiary or estate shall become entitled to receive, as soon as practicable following the date of death, a distribution with respect to a pro rata portion of the Performance Shares credited to Grantee's account measured at the target level of performance. For this purpose, the pro rata portion shall be based on a fraction, the numerator of which is the number of full months in the Performance Period which have elapsed from the beginning of the Performance Period until the date of death, and the denominator of which is 36.

(b) Termination of the Grantee's employment on account of Disability (as defined in the Employment Agreement): Provided that the Grantee has been employed with the Corporation for not less that one year following the Commencement Date, the Grantee shall become entitled to receive, as soon as practicable following the end of the Performance Period, a distribution with respect to a pro rata portion of the Performance Shares credited to his account based on actual performance measured at the end of the Performance Period. For this purpose, the pro rata portion shall be based upon a fraction, the numerator of which is the number of full months in the Performance Period which have elapsed from the beginning of the Performance Period until the Disability Effective Date (as defined in the Employment Agreement), and the denominator of which is 36.

(c) Termination of the Grantee's employment on the initiative of the Corporation (and not at the Grantee's initiative) without Cause (as defined in the Employment Agreement) or termination of the Grantee's employment on the initiative of the Grantee for Good Reason (as defined in the Employment Agreement): Provided that the Grantee has been employed with the Corporation for not less that one year following the Commencement Date, the Grantee shall become entitled to receive, as soon as practicable following the end of the Performance Period, a distribution with respect to a pro rata portion of the Performance Shares credited to his account based on actual performance measured at the end of the Performance Period in accordance with Section 3. For this purpose, the pro rata portion shall be based upon a fraction, the numerator of which is the number of full months in the Performance Period which have elapsed from the beginning of the Performance Period until the Date of Termination (as defined in the Employment Agreement), and the denominator of which is 36.

(d) Upon a Change in Control of the Corporation (as defined in the Plan) which occurs during the Employment Period (as defined in the Employment Agreement), Grantee shall be entitled to receive, as soon as practicable thereafter, a distribution with respect to a pro rata portion of the Performance Shares then credited to his account based on the higher of the target level of performance as determined by the Committee or the actual level of performance as of the date of the Change in Control (assuming such level of performance continued to the end of the Performance Period). For this purpose, the pro rata portion shall be based upon a fraction, the numerator of which is the number of full months in the Performance Period which have elapsed from the beginning of the Performance Period until the date of the Change in Control, and the denominator of which is 36.

5. the Corporation shall withhold all applicable taxes required by law to be withheld upon the payment in respect of any or all of the Performance Shares. The Grantee may satisfy the withholding obligation by paying the amount of any taxes in cash or, with the approval of the Committee, shares of Stock may be deducted from the payment to satisfy the obligation in full or in part. The amount of the withholding and the number of shares to be deducted shall be determined by the Committee with reference to the Fair Market Value of the Stock when the withholding is required to be made.

6. The validity and construction of this award agreement shall be governed by the laws of the State of Ohio.

EXHIBIT C

# DANA CORPORATION
# AMENDED AND RESTATED STOCK INCENTIVE PLAN

This is to certify that

[NAME]

(the "Grantee") is hereby granted [number] restricted stock units (the "RSUs"), each of which shall at all times be deemed to have a value equal to the then-current fair market value of a share of Stock.

This grant is set forth in accordance with the terms and conditions of the Dana Corporation Amended and Restated Stock Incentive Plan (the "Plan").

GRANT DATE: The Commencement Date, as defined in the Employment Agreement (defined herein)

VESTING SCHEDULE: The restricted stock units shall fully vest on the fifth anniversary of the Commencement Date, so long as the Grantee remains employed by Dana Corporation on such date, and shall also become fully vested upon the occurrence of certain events described herein.

ADDITIONAL TERMS: See the following pages of this certificate

Dana Corporation

By: ____________________________________
Chairman

THIS IS NOT A STOCK CERTIFICATE. THIS CERTIFICATE IS SUBJECT TO, GOVERNED BY, AND INCORPORATES BY REFERENCE ALL OF THE TERMS AND CONDITIONS OF THE PLAN. IF A CONFLICT OCCURS BETWEEN THIS CERTIFICATE AND THE PLAN DOCUMENT, OR IF ANY POINT IS NOT REFLECTED HEREIN, THE TERMS OF THE PLAN DOCUMENT SHALL GOVERN. PLEASE REFER TO THE OFFICIAL PLAN DOCUMENT FOR AN EXPLANATION OF THE TERMS AND CONDITIONS OF THIS GRANT AND A FULL DESCRIPTION OF YOUR RIGHTS AND OBLIGATIONS. THIS CERTIFICATE, INCLUDING THE TERMS AND CONDITIONS DESCRIBED ON THE FOLLOWING PAGES, CONSTITUTES YOUR AWARD AGREEMENT AS REQUIRED BY THE PLAN.

ADDITIONAL TERMS:

1. The Grantee may not sell, assign, transfer, donate, pledge or otherwise dispose of RSUs.

2. the Corporation shall establish an RSU account on its books, in the name of the Grantee, and shall credit to such account the number of RSUs granted to Grantee pursuant to this award agreement. If a dividend is paid on the Stock while the RSUs are outstanding, the Grantee shall automatically be credited with a number of additional RSUs equal to the number of shares of Stock that could have been purchased on the dividend payment date with an amount of cash equal to the product of (i) the per share amount of such dividend and (ii) the number of RSUs held by the Grantee on the record date for such dividend. The number of additional RSUs credited under this Paragraph 2 shall become vested in accordance with the same vesting schedule applicable to the RSUs originally granted to the Grantee.

3. Subject to Paragraph 6, below, upon the vesting of the RSUs originally granted to the Grantee (including any additional RSUs credited pursuant to Paragraph 2 above), the Grantee will be entitled to receive, as soon as practicable thereafter, a distribution of a number of shares of Stock that is equal in number to the aggregate number of vested RSUs then credited to the Grantee's account.

4. (a) In the event that the employment of the Grantee with the Corporation or a subsidiary is terminated for any reason prior to the vesting date applicable to the RSUs, all RSUs then credited to the Grantee's account shall be forfeited to the Corporation immediately upon such termination, and the Grantee shall cease to have any rights with respect to, or any interest in, the forfeited RSUs effective as of the date of termination and, without limitation, shall cease to be entitled to receive any future dividends or other distributions upon such shares with record dates occurring after the effective date of such termination, except as follows:

    (i) Termination of the Grantee's employment on account of death: Provided that the Grantee has been employed with the Corporation for not less than one year following the Commencement Date (as defined in Grantee's employment agreement with the Corporation (the "Employment Agreement")), the Grantee's beneficiary or estate shall become vested as of the date of death with respect to a pro rata portion of the RSUs then credited to his account. For this purpose, the pro rata portion shall be based on a fraction, the numerator of which is the number of full months which have elapsed from the Commencement Date until the date of death, and the denominator of which is 60.

    (ii) Termination of the Grantee's employment on account of Disability (as defined in the Employment Agreement): Provided that the Grantee has been employed with the Corporation for not less than one year following the Commencement Date, the Grantee shall become vested as of the

Disability Effective Date (as defined in the Employment Agreement) with respect to a pro rata portion of the RSUs then credited to his account. For this purpose, the pro rata portion shall be based on a fraction, the numerator of which is the number of full months which have elapsed from the Commencement Date until the Disability Effective Date (as defined in the Employment Agreement), and the denominator of which is 60.

(iii) Termination of the Grantee's employment at the initiative of the Corporation (and not at the Grantee's initiative) without Cause (as defined in the Employment Agreement) or termination of the Grantee's employment on the initiative of the Grantee for Good Reason (as defined in the Employment Agreement): Provided that the Grantee has been employed with the Corporation for not less than one year following the Commencement Date, the Grantee shall become vested as of the Date of Termination (as defined in the Employment Agreement) with respect to a pro rata portion of the RSUs credited to his account. For this purpose, the pro rata portion shall be based on a fraction, the numerator of which is the number of full months which have elapsed from the Commencement Date until the Date of Termination (as defined in the Employment Agreement), and the denominator of which is 60.

(b) Upon a Change in Control of the Corporation (as defined in the Plan) which occurs during the Employment Period (as defined in the Employment Agreement), the Grantee shall become vested with respect to a pro rata portion of the RSUs credited to his account. For this purpose, the pro rata portion shall be based on a fraction, the numerator of which is the number of full months which have elapsed from the Commencement Date until the date of the occurrence of the Change in Control, and the denominator of which is 60.

5. The Corporation shall withhold all applicable taxes required by law to be withheld from all amounts paid in respect of any or all of the RSUs. The Grantee may satisfy the withholding obligation by paying the amount of any taxes in cash or, with the approval of the Committee, shares of Stock may be deducted from the payment to satisfy the obligation in full or in part. The amount of the withholding and the number of shares to be deducted shall be determined by the Committee with reference to the Fair Market Value of the Stock when the withholding is required to be made.

6. Notwithstanding anything to the contrary contained herein, the receipt of the Stock that Grantee would otherwise have been entitled to receive upon the vesting of the RSUs shall automatically be deferred pursuant to such rules as may be promulgated by the Committee.

7. The validity and construction of this award agreement shall be governed by the laws of the State of Ohio.

EXHIBIT D

DANA CORPORATION
AMENDED AND RESTATED STOCK INCENTIVE PLAN

This is to certify that

[NAME]

(the "Grantee") is hereby granted [number] restricted stock units (the "RSUs"), each of which shall at all times be deemed to have a value equal to the then-current fair market value of a share Stock.

This grant is set forth in accordance with the terms and conditions of the Dana Corporation Amended and Restated Stock Incentive Plan (the "Plan").

GRANT DATE: The Commencement Date, as defined in the Employment Agreement (defined herein)

VESTING SCHEDULE: The restricted stock units shall vest in one-third increments on each of the first three anniversaries of the Commencement Date, so long as the Grantee remains employed by the Corporation on the applicable date, and shall become fully vested upon the occurrence of certain events described herein.

ADDITIONAL TERMS: See the following pages of this certificate

Dana Corporation

By: ___________________________________
Chairman

THIS IS NOT A STOCK CERTIFICATE. THIS CERTIFICATE IS SUBJECT TO, GOVERNED BY, AND INCORPORATES BY REFERENCE ALL OF THE TERMS AND CONDITIONS OF THE PLAN. IF A CONFLICT OCCURS BETWEEN THIS CERTIFICATE AND THE PLAN DOCUMENT, OR IF ANY POINT IS NOT REFLECTED HEREIN, THE TERMS OF THE PLAN DOCUMENT SHALL GOVERN. PLEASE REFER TO THE OFFICIAL PLAN DOCUMENT FOR AN EXPLANATION OF THE TERMS AND CONDITIONS OF THIS GRANT AND A FULL DESCRIPTION OF YOUR RIGHTS AND OBLIGATIONS. THIS CERTIFICATE, INCLUDING THE TERMS AND CONDITIONS DESCRIBED ON THE FOLLOWING PAGES, CONSTITUTES YOUR AWARD AGREEMENT AS REQUIRED BY THE PLAN.

ADDITIONAL TERMS:

1. The Grantee may not sell, assign, transfer, donate, pledge or otherwise dispose of RSUs.

2. The Corporation shall establish an RSU account on its books, in the name of the Grantee, and shall credit to such account the number of RSUs granted to Grantee pursuant to this award agreement. If a dividend is paid on the Stock while the RSUs are outstanding, the Grantee shall automatically be credited with a number of additional RSUs equal to the number of shares of Stock that could have been purchased on the dividend payment date with an amount of cash equal to the product of (i) the per share amount of such dividend and (ii) the number of RSUs held by the Grantee on the record date for such dividend. The number of additional RSUs credited under this Paragraph 2 shall become vested in accordance with the same vesting schedule applicable to the underlying RSUs with respect to which such additional RSUs are credited.

3. Subject to Paragraph 6 below, upon the vesting of any of the RSUs granted to the Grantee (including any additional RSUs credited pursuant to Paragraph 2 above), the Grantee will be entitled to receive, as soon as practicable thereafter, the number of shares of Stock equal to the aggregate number of RSUs that become vested at that time.

4. In the event that the employment of the Grantee with the Corporation or a subsidiary is terminated for any reason prior to the vesting date applicable to any RSUs, all non-vested RSUs then credited in respect of the Grantee shall be forfeited to Dana Corporation immediately upon such termination, and the Grantee shall cease to have any rights with respect to, or any interest in, the forfeited RSUs effective as of the date of termination and, without limitation, shall cease to be entitled to receive any future dividends or other distributions upon such shares with record dates occurring after the effective date of such termination; provided, however, that the RSUs shall become fully vested upon the occurrence of the following events: (i) termination of the Grantee's employment on account of death; (ii) termination of the Grantee's employment on account of Disability, as defined in the employment agreement between the Grantee and the Corporation, as the same may be amended from time to time (the "Employment Agreement"); (iii) termination of the Grantee's employment at the initiative of the Corporation (and not on the Grantee's initiative) other than for Cause, as defined in the Employment Agreement; and (iv) termination of the Grantee's employment at the initiative of the Grantee for Good Reason (as defined in the Employment Agreement); and provided further, however, that the Grantee shall become vested in a pro rata portion of the RSUs upon the occurrence of a Change in Control of the Corporation (as defined in the Plan) which occurs during the Employment Period (as defined in the Employment Agreement), such pro rata portion to be determined based on a fraction, the numerator of which is the number of full months that have elapsed from the Commencement Date until the date of such Change in Control, and the denominator of which is 36; or shall vest on a basis that is no less favorable than the Change in Control vesting provisions in effect for RSU grants made to other senior officers of the Corporation.

5. The Corporation shall withhold all applicable taxes required by law to be withheld from all amounts paid in respect of any or all of the RSUs. The Grantee may satisfy the

withholding obligation by paying the amount of any taxes in cash or, with the approval of the Committee, shares of Stock may be deducted from the payment to satisfy the obligation in full or in part. The amount of the withholding and the number of shares to be deducted shall be determined by the Committee with reference to the Fair Market Value of the Stock when the withholding is required to be made.

6. Notwithstanding anything to the contrary contained herein, the Grantee may elect to defer receipt of the Stock that he would otherwise have been entitled to receive upon the vesting of all or a portion of the RSUs, pursuant to such rules as may be promulgated by the Committee.

7. The validity and construction of this award agreement shall be governed by the laws of the State of Ohio.

EXHIBIT E

DANA CORPORATION
AMENDED AND RESTATED STOCK INCENTIVE PLAN

This is to certify that

[NAME]

(the "Optionee") is hereby granted a non-qualified option (the "Option") to purchase [number] shares of Stock.

This grant is set forth in accordance with the terms and conditions of the Dana Corporation Amended and Restated Stock Incentive Plan (the "Plan").

GRANT DATE: The Commencement Date, as defined in the Employment Agreement (defined herein)

VESTING SCHEDULE: 25% per year on each of the first four anniversaries of the Commencement Date

EXERCISE PRICE PER SHARE: [insert price]

ADDITIONAL TERMS: See the following pages of this certificate

Dana Corporation

By: ____________________________________
Chairman

THIS IS NOT A STOCK CERTIFICATE. THIS CERTIFICATE IS SUBJECT TO, GOVERNED BY, AND INCORPORATES BY REFERENCE ALL OF THE TERMS AND CONDITIONS OF THE PLAN. IF A CONFLICT OCCURS BETWEEN THIS CERTIFICATE AND THE PLAN DOCUMENT, OR IF ANY POINT IS NOT REFLECTED HEREIN, THE TERMS OF THE PLAN DOCUMENT SHALL GOVERN. PLEASE REFER TO THE OFFICIAL PLAN DOCUMENT FOR AN EXPLANATION OF THE TERMS AND CONDITIONS OF THIS GRANT AND A FULL DESCRIPTION OF YOUR RIGHTS AND OBLIGATIONS. THIS CERTIFICATE, INCLUDING THE TERMS AND CONDITIONS DESCRIBED ON THE FOLLOWING PAGES, CONSTITUTES YOUR AWARD AGREEMENT AS REQUIRED BY THE PLAN.

ADDITIONAL TERMS:

1. In the event that the employment of the Optionee with the Corporation or a subsidiary is terminated for any reason, any portion of the Option that has not vested as of the date of termination shall be forfeited and shall immediately terminate; provided, however, that the vesting of the Option subject to this grant shall accelerate upon the occurrence of the following events: (i) termination of the Optionee's employment on account of death of the Optionee; (ii) termination of the Optionee's employment on account of Disability, as defined in the employment agreement between the Grantee and the Corporation, as the same may be amended from time to time (the "Employment Agreement"); (iii) termination of the Optionee's employment with the Corporation due to his retirement after attaining the age of 55 and 15 years of service with the Corporation; and (iv) termination of the Optionee's employment at the initiative of the Corporation (and not on the Optionee's initiative) other than for Cause, (as defined in the Employment Agreement). In addition, the vesting of the Option subject to this grant shall accelerate upon the occurrence of a Change in Control of the Corporation (as defined in the Plan) during the Employment Period (as defined in the Employment Agreement).

2. To the extent that the Optionee holds vested Options at the time of his termination from employment, such Options shall remain exercisable until the earlier to occur of the expiration of the ten-year Option term or the expiration of the applicable period (or, if applicable, until the date) set forth below: (i) in the case of the Optionee's death or Disability, one year following the date of death or the Disability Effective Date (as defined in the Employment Agreement), as the case may be; (ii) in the case of the Optionee's retirement after attaining age 55 and 15 years of service with the Corporation, five years following the date of termination; (iii) in the case of the termination of the Optionee's employment at the initiative of the Corporation (and not on the Optionee's initiative) other than for Cause or in the case of the Optionee's termination of employment for Good Reason (as defined in the Employment Agreement), two years following the Date of Termination (as defined in the Employment Agreement); and (iv) in the case of any other termination of employment, the Date of Termination (as defined in the Employment Agreement).

3. The Optionee shall pay to the Corporation, at the times that he realizes taxable income in respect of the grant, an amount equal to the taxes the Corporation determines it is required to withhold. In lieu of such payment, in whole or in part, the Corporation may withhold from any shares of Stock it would otherwise deliver to the Optionee all or part of the number of such shares the Fair Market Value of which is equal to the amount of taxes required to be withheld.

4. The validity and construction of this award agreement shall be governed by the laws of the State of Ohio.

EXHIBIT F TO EMPLOYMENT AGREEMENT
MADE ON FEBRUARY 3, 2004 BETWEEN
DANA CORPORATION AND MICHAEL J. BURNS

FORM OF RELEASE AGREEMENT

This Release Agreement ("Release") is entered into as of this ______day of ________, hereinafter "Execution Date", by and between [Executive Full Name] (hereinafter "Executive"), and [Employer Full Name] and its successors and assigns (hereinafter, the "Corporation"). The Executive and the Corporation are sometimes collectively referred to as the "Parties".

1. The Executive's employment with the Corporation is terminated effective [Month, Day, Year] (hereinafter "Termination Date"). The Corporation agrees to provide the Executive the severance benefits provided for in his Employment Agreement with the Corporation, dated as of [ ] (the "Agreement"), after he executes this Release and the Release becomes effective pursuant to its terms and does not revoke it as permitted in Section 4 below, the expiration of such revocation period being the "Effective Date".

2. Executive represents that he has not filed, and will not file, any complaints, lawsuits, administrative complaints or charges relating to his employment with, or resignation from, the Corporation; provided, however, that nothing contained in this Section 2 shall prohibit Executive from bringing a claim to challenge the validity of the ADEA Release in Section 4 herein. In consideration of the benefits described in Section 1, for himself and his heirs, administrators, representatives, executors, successors and assigns (collectively, "Releasers"), Executive agrees to release the Corporation, its subsidiaries, affiliates, and their respective parents, direct or indirect subsidiaries, divisions, affiliates and related companies or entities, regardless of its or their form of business organization, any predecessors, successors, joint ventures, and parents of any such entity, and any and all of their respective past or present shareholders, partners, directors, officers, employees, consultants, independent contractors, trustees, administrators, insurers, agents, attorneys, representatives and fiduciaries, including without limitation all persons acting by, through, under or in concert with any of them (collectively, the "Released Parties"), from any and all claims, charges, complaints, causes of action or demands relating to his employment or termination of employment that Executive and his Releasers now have or have ever had against the Released Parties, whether known or unknown. This Release specifically excludes claims, charges, complaints, causes of action or demand that (a) post-date the Termination Date, (b) relate to unemployment compensation claims, (c) involve rights to benefits in which Executive is vested as of the Termination Date under any employee benefit plans and arrangements of the Corporation, (d) relate to claims for indemnification by Executive, or (e) involve obligations owed to Executive by the Corporation under the Agreement.

3. The Corporation, on its own behalf and on behalf of the Released Parties, hereby releases Executive from all claims, causes of actions, demands or liabilities which arose against the Executive on or before the time it signs this Agreement, whether known or unknown. This Paragraph, however, does not apply to or adversely affect any claims against Executive which allege or involve obligations owed by him to the Corporation under the Agreement. The Corporation will indemnify Executive for reasonable attorneys' fees, costs and damages which may arise in connection with any proceeding by the Corporation or any Released Party which is inconsistent with this Release by the Corporation and the Released Parties.

4. In further recognition of the above, Executive hereby voluntarily and knowingly waives all rights or claims that he may have against the Released Parties arising under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), other than any such rights or claims that may arise after the date of execution of this Release. Executive specifically agrees and acknowledges that: (A) the release in this Section 4 was granted in exchange for the receipt of consideration that exceeds the amount to which he would otherwise be entitled to receive upon termination of his employment; (B) he has hereby been advised in writing by the Corporation to consult with an attorney prior to executing this Release; (C) the Corporation has given him a period of up to twenty-one (21) days within which to consider this Release, which period shall be waived by the Executive's voluntary execution prior to the expiration of the twenty-one day period, and he has carefully read and voluntarily signed this Release with the intent of releasing the Released Parties to the extent set forth herein; and (D) following his execution of this Release he has seven (7) days in which to revoke his release as set forth in this Section 4 only and that, if he chooses not to so revoke, the Release in this Section 4 shall then become effective and enforceable and the payment listed above shall then be made to him in accordance with the terms of this Release. To cancel this Release, Executive understands that he must give a written revocation to the General Counsel of the Corporation at [ ](1), either by hand delivery or certified mail within the seven-day period. If he rescinds the Release, it will not become effective or enforceable and he will not be entitled to any severance benefits from the Corporation.

5. If any provision of this Release is held invalid, the invalidity of such provision shall not affect any other provisions of this Release. This Release is governed by, and construed and interpreted in accordance with the laws of the State of Ohio, without regard to principles of conflicts of law. Executive consents to venue and personal jurisdiction in the State of Ohio for disputes arising under this Release. This Release represents the entire understanding between the Parties with respect to subject matter herein, and no other inducements or representations have been made or relied upon by the Parties. This Release shall be binding upon and inure to the benefit of Executive, his heirs and legal representatives, and the Corporation and its successors as provided in this Section 5. Any modification of

______________________

(1) INSERT ADDRESS.

this Release must be made in writing and be signed by Executive and the Corporation.

ACCEPTED AND AGREED TO:

| ______________________________ | ______________________________ |
| --- | --- |
| [Employer Full Name] | [Executive Full Name] |
| Dated:____________________________ | Dated:__________________________ |

Exhibit 10-F(1)

# CHANGE OF CONTROL AGREEMENT

BETWEEN

DANA CORPORATION

AND

MICHAEL J. BURNS

DATED FEBRUARY 3, 2004

# TABLE OF CONTENTS


| SECTION | | | | PAGE |
|---|---|---|---|---|
| Recitals | | | | 1 |
| 1. | OPERATION OF AGREEMENT; EMPLOYMENT AND TERM | | | 1 |
| 2. | POSITION AND DUTIES OF THE EXECUTIVE | | | 2 |
| | (A) | Position | | 2 |
| | (B) | Duties | | 3 |
| | (C) | Location Of Office | | 3 |
| 3. | COMPENSATION | | | 3 |
| | (A) | Salary | | 3 |
| | (B) | Additional Compensation | | 4 |
| | (C) | Incentive, Stock And Savings Plans | | 4 |
| | (D) | Retirement And Welfare Benefit Plans | | 5 |
| | (E) | Expenses | | 5 |
| | (F) | Fringe Benefits | | 5 |
| | (G) | Office And Support Staff | | 6 |
| | (H) | Vacation And Other Absences | | 6 |
| | (I) | Benefits Shall Not Be Reduced Under Certain Circumstances | | 6 |
| | (J) | Certain Retirement And Severance Definitions | | 6 |
| 4. | TERMINATION OF EMPLOYMENT | | | 7 |
| | (A) | Death Or Disability | | 7 |
| | (B) | Cause | | 7 |
| | (C) | Good Reason | | 7 |
| | (D) | Notice Of Termination | | 8 |
| | (E) | Date Of Termination | | 9 |
| 5. | OBLIGATIONS OF THE CORPORATION UPON TERMINATION | | | 9 |
| | (A) | Termination Other Than For Cause | | 9 |
| | (B) | [intentionally left blank] | | 11 |
| | (C) | Cause; Other Than For Good Reason | | 11 |
| | (D) | Death Or Disability | | 12 |
| | (E) | Resolution Of Disputes | | 12 |
| | | (1) | Right Of Election By Executive To Arbitrate Or Sue | 12 |
| | | (2) | Third-Party Stakeholder | 13 |
| 6. | NON-EXCLUSIVITY OF RIGHTS | | | 13 |
| 7. | FULL SETTLEMENT | | | 14 |
| 8. | CERTAIN ADDITIONAL PAYMENTS BY THE CORPORATION | | | 14 |
| 9. | CONFIDENTIAL INFORMATION | | | 17 |
| 10. | COMPETITION | | | 17 |
| 11. | SUCCESSORS | | | 18 |
| 12. | CERTAIN DEFINITIONS | | | 19 |
| | (A) | Beneficiary | | 19 |
| | (B) | Change Of Control | | 19 |
| | (C) | Change Of Control Date | | 20 |

13. AMENDMENT OR MODIFICATION; WAIVER.............................................. 21
14. MISCELLANEOUS................................................................... 21
Exhibit A
Exhibit B

THIS CHANGE OF CONTROL AGREEMENT (the "Agreement") made and entered into on this 3rd day of February, 2004, by and between Dana Corporation, a Virginia corporation whose principal place of business is located at 4500 Dorr Street, Toledo, Ohio (the "Corporation"), and Michael J. Burns (the "Executive");

WHEREAS, the Corporation and the Executive have entered into an Employment Agreement as of the date first set forth above, whereby the Executive will serve as the principal executive officer of the Corporation and as an integral part of its management; and

WHEREAS, the Corporation wishes to assure both itself and the Executive of continuity of management in the event of any actual or threatened Change of Control of the Corporation; and

WHEREAS, this Agreement is not intended to alter materially the compensation and benefits that the Executive could reasonably expect in the absence of a Change of Control of the Corporation, and, accordingly, this Agreement, though taking effect upon execution thereof, will be operative only upon a Change of Control of the Corporation, as that term is hereafter defined;

NOW, THEREFORE, IN CONSIDERATION of the mutual promises, covenants and agreements set forth below, it is hereby agreed as follows:

1. OPERATION OF AGREEMENT; EMPLOYMENT AND TERM.

(A) This Agreement shall be effective on the Commencement Date (as defined in the Employment Agreement between the Executive and the Corporation dated February 3, 2004, as such agreement may be amended from time to time (the "Employment Agreement")), but, anything in this Agreement to the contrary notwithstanding, neither the Agreement nor any provision thereof, except for this Section 1(A), Section 1(D), Section 2(A)(2), Section 11, Section 12(B), Section 13, and Sections 14(A), (B), (C), (F), (N) and (O), shall be operative unless and until there has been a Change of Control of the Corporation, as defined in Section 12(B) below, prior to December 31, 2006 or such later date as shall result from the operation of Section 1(D) below (the "Terminal Date") and while the Executive is in the employ of the Corporation following the Commencement Date. Upon such a Change of Control of the Corporation, this Agreement and all provisions thereof shall become operative immediately.

(B) The Corporation hereby agrees to continue the employment of the Executive, and the Executive hereby agrees to remain in the employ of the Corporation, in accordance with the terms and provisions of this Agreement, for the period set forth below (the "COC Employment Period").

(C) The COC Employment Period under this Agreement shall commence on the date this Agreement becomes operative pursuant to the provisions of Section 1(A) above and, subject only to the provisions of Section 4 below relating to termination of employment, shall continue until the third anniversary of a Change of Control of the Corporation.

(D) Commencing on December 31, 2004, and on each anniversary of such date (such date and each such annual anniversary thereof, the "Renewal Date"), the Terminal Date set forth in Section 1(A) above shall be extended so as to occur three (3) years from the Renewal Date unless either party shall have given notice to the other party that the Terminal Date is not to be extended or further extended.

2. POSITION AND DUTIES OF THE EXECUTIVE.

(A) Position.

(1) It is contemplated that during the COC Employment Period the Executive will continue to serve as the principal officer of the Corporation and as a member of its Board of Directors if serving as a member of the Board of Directors of the Corporation (the "Board") immediately prior to a Change of Control, as defined in Section 12(B) below, with the office(s) and title(s), reporting responsibility and duties and responsibilities of the Executive on the date of this Agreement, as the same may be changed from time to time after the date of this Agreement and prior to the date this Agreement becomes operative pursuant to the provisions of Section 1(A) above.

(2) The office(s), title(s), reporting responsibility, duties and responsibilities of the Executive on the date of this Agreement, as the same may be changed from time to time after the date of this Agreement and prior to the date this Agreement becomes operative pursuant to the provisions of Section 1(A) above, shall be summarized in Exhibit A to this Agreement, it being understood and agreed that if and when the office(s), title(s), reporting responsibility, duties and responsibilities of the Executive shall be changed prior to the date this Agreement becomes operative pursuant to the provisions of Section 1(A) above, Exhibit A shall be deemed to be and shall be updated by the parties to reflect such change; provided, however, that Exhibit A is intended only as a memorandum for the convenience of the parties and shall be disregarded if and to the extent that, at the time this Agreement becomes operative, Exhibit A shall fail to reflect accurately the office(s), title(s), reporting responsibility, duties or responsibilities of the Executive at the time because the parties shall have failed to update Exhibit A as aforesaid after the last such change prior to the date this Agreement shall have become operative.

(3) At all times during the COC Employment Period, the Executive shall hold a position of responsibility and importance and a position of scope, with the functions, duties and responsibilities attached thereto, at least equal in responsibility and importance and in scope to and commensurate with his position described in general terms above in this Section 2(A) and intended to be summarized in Exhibit A to this Agreement.

(4) During the COC Employment Period the Executive shall, without compensation other than that herein provided, also serve and continue to serve, if and when elected and re-elected, as an officer or director, or both, of any United States Subsidiary, division or Affiliate of the Corporation.

(5) For all purposes of this Agreement, (1) a "Subsidiary" shall mean a corporation or other entity, of which 50% or more of the voting securities or other equity inter-

ests is owned directly, or indirectly through one or more intermediaries, by the Corporation, and (2) an "Affiliate" shall mean a corporation or other entity which is not a Subsidiary and which directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Corporation. For the purpose of this definition, the terms "control", "controls" and "controlled" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a corporation or other entity, whether through the ownership of voting securities, by contract, or otherwise.

(B) Duties. Throughout the COC Employment Period the Executive shall devote his full time and undivided attention during normal business hours to the business and affairs of the Corporation except for reasonable vacations and except for illness or incapacity, but nothing in this Agreement shall preclude the Executive from devoting reasonable periods required for:

(1) serving as a director or member of a committee or any organization involving no conflict of interest with the interests of the Corporation;

(2) delivering lectures, fulfilling speaking engagements, teaching at educational institutions;

(3) engaging in charitable and community activities; and

(4) managing his personal investments;

provided, that such activities do not materially interfere with the regular performance of his duties and responsibilities under this Agreement.

(C) Location Of Office. During the COC Employment Period, the office of the Executive shall be located at the principal offices of the Corporation, within the greater Toledo, Ohio area, and the Executive shall not be required to locate his office elsewhere without his prior written consent, nor shall he be required to be absent therefrom on travel status or otherwise more than thirty (30%) of the working days in any calendar year nor for more than ten (10) consecutive days at any one time.

3. COMPENSATION.

The Executive shall receive the following compensation for his services:

(A) Salary. So long as the Executive is employed by the Corporation, he shall be paid an annual base salary, payable not less often than monthly, at the rate of not less than the rate in effect under the Employment Agreement immediately prior to the COC Employment Period, with such increases as shall be awarded from time to time in accordance with the Corporation's regular administrative practices of other salary increases applicable to executives of the Corporation, subject to any and all required withholdings and deductions for Social Security, income taxes and the like (the "Annual Base Salary"). The Board may from time to time direct such upward adjustments to Annual Base Salary as the Board deems to be necessary or desirable; provided, however, that during the COC Employment Period, the Annual Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time but not less often than annually and shall be substantially consistent with increases in base salary generally

awarded in the ordinary course of business to other senior executives of the Corporation and its "Affiliated Companies" (a term which, as used in this Agreement, shall mean a Subsidiary or Affiliate of the Corporation) and, in addition, shall be adjusted effective as of January lst of each calendar year commencing in the COC Employment Period to reflect increases in the cost of living during the preceding calendar year. Annual Base Salary shall not be reduced after any increase thereof pursuant to this Section 3(A). Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation of the Corporation under this Agreement.

(B) Additional Compensation. So long as the Executive is employed by the Corporation, he shall be eligible to receive annual short-term incentive awards or bonuses (such award or bonus is hereinafter referred to as "Short-Term Award" or "Annual Bonus") from the Dana Corporation Additional Compensation Plan, and from any successor or replacement plan (the Dana Corporation Additional Compensation Plan and such successor or replacement plans being referred to herein collectively as the "ACP"), in accordance with the terms thereof; provided, however, that, with respect to each fiscal year of the Corporation ending during the COC Employment Period, the Executive shall be awarded (whether under the terms of the ACP or otherwise) an Annual Bonus in an amount that shall not be less than one hundred percent (100%) of his Annual Base Salary rate in effect on the last day of such fiscal year (which amount shall be prorated if such fiscal year shall be less than 12 months). Notwithstanding the foregoing, if the COC Employment Period commences in 2004 and the Executive remains employed through December 31, 2004, the Executive shall be entitled to a guaranteed minimum Annual Bonus for calendar year 2004 equal to 100% of his Annual Base Salary for such year. Each Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the receipt of such Annual Bonus is deferred in accordance with the terms of the ACP.

(C) Incentive, Stock And Savings Plans. So long as the Executive is employed by the Corporation, he shall be and continue to be a full participant in the Dana Corporation Amended and Restated Stock Incentive Plan, the ACP (providing for Short-Term Awards) and in any and all other incentive, stock or savings plans, practices or policies in which executives of the Corporation participate that are in effect on the date hereof and that may hereafter be adopted, including, without limitation, any stock option, stock purchase or stock appreciation plans, or any successor plans that may be adopted by the Corporation with, except in the case of the ACP after the commencement of the COC Employment Period, at least the same reward opportunities, if any, that have heretofore been provided to the Executive. Nothing in this Agreement shall preclude improvement of reward opportunities in such plans or other plans in accordance with the practices in effect on the first day of the calendar month that this Agreement becomes operative. Any provision of the ACP or of this Agreement to the contrary notwithstanding, any Short-Term Awards made to the Executive (whether for services rendered prior to or after the date this Agreement becomes operative) shall be paid wholly in cash as soon as practicable after the awards are made. All of the Executive's outstanding equity awards, including, without limitation, the awards described in Exhibits A-E of the Employment Agreement shall be treated in accordance with the agreements evidencing such awards and shall remain subject to the terms and conditions contained therein.

If the COC Employment Period commences prior to the time in 2005 that the Compensation Committee of the Board (the "Compensation Committee") customarily makes

long-term incentive awards under the Corporation's incentive plans to the senior executives of the Corporation, then, at such time, the Corporation shall cause the Executive to be granted the long-term incentive awards contemplated by Section 3(g) of the Employment Agreement (or an economic equivalent thereof).

(D) Retirement And Welfare Benefit Plans. The Executive, his dependents and Beneficiary (including, without limitation, any beneficiary of a joint and survivor or other optional method of payment applicable to the payment of benefits under the Retirement Program of the Corporation (as defined in Section 3(J)(3) below), shall be entitled to all payments and benefits and service credit for benefits during the COC Employment Period (1) under the Retirement Program of the Corporation and (2) to which other senior executives of the Corporation, their dependents and their beneficiaries are entitled under the terms of employee savings, equity and welfare benefit plans and practices of the Corporation, including, without limitation, the Corporation's SavingsWorks Plan, its Stock Purchase Plan, its Income Protection Plan for Management and Certain Other Employees providing layoff and severance benefits, its 1989 and 1999 Restricted Stock Plans, its death benefit plans (consisting of its Group Insurance Plan for Management Employees providing life insurance, accidental death and dismemberment insurance, and travel accident insurance), its disability benefit plans (consisting of its salary continuation, sickness and accident and long-term disability benefits programs), its medical, dental and health and welfare plans and other present or equivalent successor plans and practices of the Corporation, its Subsidiaries and divisions, for active and retired employees, for which officers, their dependents and beneficiaries, are eligible, and to all payments or other benefits under any such plan or practice subsequent to the COC Employment Period as a result of participation in such plan or practice during the COC Employment Period.

Notwithstanding anything to the contrary contained herein or in the Employment Agreement, upon the occurrence of a Change of Control, the Supplemental Retirement Benefit (as defined in Section 3(c) of the Employment Agreement, the "Supplemental Retirement Benefit") shall become fully vested on the Change of Control Date.

(E) Expenses. So long as the Executive is employed by the Corporation, he shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the polices, practices and procedures of the Corporation and its Affiliated Companies from time to time in effect, commensurate with his position and on a basis at least comparable to that of other senior executives of the Corporation. If the COC Employment Period commences prior to the time that the Executive has been reimbursed for his tax preparation and relocation expenses pursuant to Sections 3(d) and 3(h) of the Employment Agreement, the provisions of such section shall be included in this Agreement as if incorporated herein.

(F) Fringe Benefits. So long as the Executive is employed by the Corporation, he shall be entitled to fringe benefits, including, without limitation, the business and personal use of an automobile, and payment or reimbursement of club initiation fees and dues, in accordance with the plans, practices, programs and policies of the Corporation and its Affiliated Companies from time to time in effect, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(G) Office And Support Staff. So long as the Executive is employed by the Corporation, he shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(H) Vacation And Other Absences. So long as the Executive is employed by the Corporation, he shall be entitled to paid vacation and such other paid absences whether for holidays, illness, personal time or any similar purposes, in accordance with the plans, policies, programs and practices of the Corporation and its Affiliated Companies in effect from time to time, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(I) Benefits Shall Not Be Reduced Under Certain Circumstances. Nothing in this Agreement shall preclude the Corporation from amending or terminating any employee benefit or welfare plan or practice, but, it being the intent of the parties that the Executive shall continue to be entitled during the COC Employment Period to perquisites as set forth in this Section 3 and to benefits and service credit for benefits under Section 3(D) above at least equal to those attached to his position on the date of this Agreement, and except as provided in the last sentence of this Section 3(I), nothing in this Agreement shall operate or be construed to reduce, or authorize a reduction without the Executive's written consent in, the level of such perquisites, benefits or service credit for benefits; in the event of any such reduction, by amendment or termination of any plan or practice or otherwise, the Executive, his dependents and Beneficiary, shall continue to be entitled to perquisites, benefits and service credit for benefits at least equal to the perquisites, benefits and service credit for benefits under such plans or practices that he or his dependents and Beneficiary would have received if such reduction had not taken place. If and to the extent that such perquisites, benefits and service credits are not payable or provided under any such plans or practices by reason of such amendment or termination thereof, the Corporation itself shall pay or provide therefor. Notwithstanding the foregoing provisions of this Section 3(I), the Executive hereby waives the benefit of the foregoing minimum benefit protection only as it applies to the Dana Corporation SavingWorks Plan, and to its medical, dental and health plans for active and retired employees. The Executive expressly does not waive the application of the foregoing minimum benefit protection to any of the other benefit plans, programs or practices enumerated in Section 3 above, including, without limitation, the Supplemental Retirement Benefit, the Corporation's death benefit plans, its disability benefit plans, and its Income Protection Plan for Management and Certain Other Employees. The Executive reserves the right to cancel the above waiver, prospectively, at any future time by giving written notice to the Corporation of such cancellation. Nothing in this Section 3(I) shall be construed to prohibit the Corporation from amending or terminating any employee benefit or welfare plan or practice to reduce benefits, so long as such reduction applies to all salaried Corporation employees covered by such plan or practice equally and such reduction is adopted prior to the Change of Control Date.

(J) Certain Retirement And Severance Definitions.

(1) The term "Severance Compensation" shall mean the sum of (1) one-twelfth (1/12) of the Annual Base Salary provided in Section 3(A) at the rate being paid at the time the Executive's termination of employment occurred, and (2) one-twelfth (1/12) of the greater of (x) the average of the highest Annual Bonuses payable to the Ex-

ecutive for any three (3) consecutive full or partial fiscal years during his employment by the Corporation or (y) the Executive's target annual bonus (currently 100%) in effect under the ACP as of the Date of Termination (which, for purposes of this Section 3(J) and notwithstanding any reduction following the Change of Control Date, shall not be less than the Executive's target annual bonus as of immediately prior to the Change of Control Date).

(2) The term "Service" shall mean employment as an employee by the Corporation, any Subsidiary or Affiliate thereof or any corporation the capital stock or assets of which have been acquired by, or which has been merged into or consolidated with the Corporation or any Subsidiary or Affiliate thereof.

(3) The term "Retirement Program of the Corporation" shall mean the Supplemental Retirement Benefit and any other retirement plan or program of the Corporation in which the Executive participates immediately prior to the COC Employment Period or which may hereafter be adopted or substituted for any such plan or program, but exclusive of the Dana Corporation SavingsWorks Plan and any similar plan or plans.

4. TERMINATION OF EMPLOYMENT.

(A) Death Or Disability.

(1) The Executive's employment shall terminate automatically upon the Executive's death during the COC Employment Period.

(2) If the Corporation determines in good faith that the Disability of the Executive has occurred during the COC Employment Period, it may give to the Executive written notice in accordance with Section 14(B) below of its intention to terminate the Executive's employment. In such event, the COC Employment Period shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided, that within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Corporation on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Corporation or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(B) Cause. For purposes of this Agreement, "Cause" shall have the meaning set forth in Section 4(b) of the Employment Agreement; provided, however, that at all times during the COC Employment Period, Section 4(b)(ii) shall be read to exclude the reference to "or 9" and the reference to "and competition" therein.

(C) Good Reason. The Executive may terminate his employment during the COC Employment Period for Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence (without the Executive's express written consent) of any of the following events, unless in the case of any act or failure to act described in clauses (1), (2), (3), (4) or (5)

below, such act or failure to act is corrected by the Corporation within 30 days after receipt by the Corporation of written notice from the Executive in respect of such event:

(1) Failure to elect or reelect the Executive to the Board of Directors of the Corporation, if the Executive shall have been a member of the Board of Directors on the date of this Agreement or at any time thereafter during the COC Employment Period, or a substantial diminution in the Executive's title(s) or office(s) described in Section 2(A) above and intended to be summarized in Exhibit A to this Agreement, or the removal of Executive from any such positions.

(2) A material change or diminution in the position, duties, responsibilities or status of the Executive that is adversely inconsistent with the position, duties, responsibilities or status attached to the position described in Section 2 above and intended to be summarized in Exhibit A to this Agreement.

(3) The Executive's compensation, annual bonus opportunity or benefit entitlements as in effect immediately prior to the Change of Control or as increased following the Change of Control are reduced.

(4) A breach by the Corporation of any provision of this Agreement not embraced within the foregoing clauses (1), (2) and (3) of this Section 4(C).

(5) The liquidation, dissolution, consolidation or merger of the Corporation or transfer of all or a significant portion of its assets unless a successor or successors (by merger, consolidation or otherwise) to which all or a significant portion of its assets have been transferred shall have assumed all duties and obligations of the Corporation under this Agreement but without releasing the corporation that is the original party to this Agreement;

provided, that in any event set forth in this Section 4(C), the Executive shall have elected to terminate his employment under this Agreement, upon not less than ten and not more than ninety days' advance written notice to the Corporation, attention of the Secretary, given, except in the case of a continuing breach, within three calendar months after (A) failure to be so elected or reelected, or removal, (B) expiration of the 30-day cure period with respect to such event, or (C) the closing date of such liquidation, dissolution, consolidation, merger or transfer of assets, as the case may be. The Executive's mental or physical incapacity following the occurrence of an event described above in clauses (1) through (5) shall not affect the Executive's ability to terminate employment for Good Reason.

An election by the Executive to terminate his employment for Good Reason under the provisions of this Section 4(C) shall not be deemed a voluntary termination of employment by the Executive for the purpose of this Agreement or any plan or practice of the Corporation.

(D) Notice Of Termination. Any termination by the Corporation for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 14(B) below. For purposes of this Agreement, a "Notice of Termination" means a written notice which

(1) indicates the specific termination provision in this Agreement relied upon,

(2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and

(3) if the Date of Termination (as defined in Section 4(E) below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than fifteen days after the giving of such notice).

(E) Date Of Termination. "Date of Termination" means

(1) if the Executive's employment is terminated by the Corporation for Cause, or by the Executive for Good Reason, the later of (a) the date of receipt of the Notice of Termination or any later date specified therein, as the case may be or (b) the end of any applicable 30-day cure period described in Sections 4(B) or (C),

(2) if the Executive's employment is terminated by the Corporation other than for Cause or Disability, the Date of Termination shall be the date on which the Corporation notifies the Executive of such termination and

(3) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

5. OBLIGATIONS OF THE CORPORATION UPON TERMINATION.

(A) Termination Other Than For Cause. If, during the COC Employment Period, the Corporation shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate his employment for Good Reason (termination in any such case referred to as "Termination") and subject to the Executive entering into and not revoking a release (unless the Corporation determines not to request such release) substantially in the form set forth as Exhibit B hereto:

(1) the Corporation shall pay the Executive in a lump sum in cash within 30 days after the Date of Termination the sum of

(a) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid,

(b) to the extent that an Annual Bonus has not been paid to the Executive in respect of the fiscal year in which the Date of Termination occurs, the product of (x) the Executive's target annual bonus in effect under the ACP as of the Date of Termination (which, for purposes of Section 3(J) and notwithstanding any reduction following the Change of Control Date, shall not be less than the Executive's target annual bonus as of immediately prior to the Change of Control Date) and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365, and

(c) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), the Supplemental Retirement Benefit and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (a), (b), and (c) shall be hereinafter referred to as the "Accrued Obligations"); and

(2) The Corporation shall pay the Executive in a lump sum in cash within 30 days after the Date of Termination an amount equal to the Executive's Severance Compensation for the period from the Date of Termination until the earlier of (x) the third anniversary of the Date of Termination and (y) the date upon which the Executive attains the age of sixty-five (65) years (the "Termination Period"); provided, however, that such amount would be reduced (but not below zero) by any other amounts payable to the Executive in respect of salary or bonus continuation to be received by the Executive under any severance plan, policy or arrangement of the Corporation; and

(3) During the Termination Period, or such longer period as any plan, program, practice or policy may provide, the Corporation shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(D) above if the Executive's employment had not been terminated in accordance with the most favorable plans, practices, programs or policies of the Corporation and its Affiliated Companies as in effect and applicable generally to other senior executives of the Corporation and its Affiliated Companies and their families during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Executive, as in effect at any time thereafter or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other senior executives of the Corporation and its Affiliated Companies and their families or, if more favorable to the Executive, as in effect immediately prior to the Change of Control, if applicable, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the end of the Termination Period and to have retired on the date of the end of the Termination Period. To the extent that any benefits referred to in this Section 5(A)(3) shall not be payable or provided under any such plan by reason of the Executive's no longer being an employee of the Corporation as the result of Termination, the Corporation shall itself pay, or provide for payment of, such benefits and the service credit for benefits provided for in Section 5(A)(4) below, to the Executive, his dependents and Beneficiary; and

(4) The period from the Date of Termination until the end of the Termination Period shall be considered:

(a) Service with the Corporation for the purpose of continued credits under the employee benefit plans referred to in Section 3(D) above

(including the Supplemental Retirement Benefit) and all other benefit plans of the Corporation applicable to the Executive or his Beneficiary as in effect immediately prior to Termination but prior to any reduction of benefits thereunder as the result of amendment or termination during the COC Employment Period; and

(b) Employment with the Corporation for purposes of determining payments and other rights in respect of awards made or accrued and award opportunities granted prior to Termination under the executive incentive plans referred to in Section 3(C) above and all other incentive plans of the Corporation in which the Executive was a participant prior to Termination; and

(5) In addition to the severance and other benefits described in Sections 5(a)(1) through 5(a)(4) above, to the extent not theretofore paid or provided, the Corporation shall timely pay or provide to the Executive and/or the Executive's dependents and/or heirs any other amounts or benefits required to be paid or provided to such individuals under any plan, program, policy or practice or contract or agreement of the Corporation and its Affiliated Companies as in effect and applicable generally to other senior executives of the Corporation and its Affiliated Companies and their families during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Executive, as in effect generally thereafter with respect to other senior executives of the Corporation and its Affiliated Companies and their families (such other amounts and benefits shall be referred to below as the "Other Benefits"); and

(6) During the Termination Period, the Corporation shall continue to provide to the Executive the financial, estate and tax planning services that were provided to the Executive during the 90-day period immediately prior to the Change of Control Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other senior executives of the Corporation and its Affiliated Companies; and

(7) The Corporation shall pay on behalf of Executive the fee of an independent outplacement firm selected by the Executive for outplacement services in an amount equal to the actual fee for such service up to a total of $35,000.

(B) [intentionally left blank]

(C) Cause; Other Than For Good Reason. If the Executive's employment shall be terminated for Cause during the COC Employment Period, the Corporation shall have no further obligations to the Executive under this Agreement other than the obligation to pay the Executive's Annual Base Salary, any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), the Supplemental Retirement Benefit and accrued vacation pay through the Date of Termination, in each case to the extent not theretofore paid, and any other amounts or benefits to which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation. If the Executive terminates employment during the COC Employment Period, excluding a termination for Good Reason, the Corporation shall have no further obligations to the Executive, other than to

pay the Executive's Annual Base Salary, the Supplemental Retirement Benefit, any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), and accrued vacation pay through the termination date, in each case to the extent not theretofore paid, any other benefits to which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation.

(D) Death Or Disability.

(1) In the event of the death of the Executive during the COC Employment Period, the Beneficiary of the Executive shall be entitled to the compensation provided for in Sections 3(A) and 3(B) above for the month in which death shall have taken place, at the rate being paid at the time of death, and at the times that such amounts would have been paid or earned by the Executive had the Executive lived, and the COC Employment Period shall be deemed to have ended as of the close of business on the last day of the month in which death shall have occurred but without prejudice to any payments due in respect of the Executive's death.

(2) In the event of the Disability of the Executive during the COC Employment Period, the Executive shall be entitled to the compensation provided for in Sections 3(A) and 3(B) above, at the rate being paid on the Disability Effective Date, and at the times that such amounts would have been paid or earned by the Executive had the Executive remained employed by the Corporation, for the period of such Disability but not in excess of six months.

(3) In the event of the Executive's death or Disability during the COC Employment Period, the Executive or his Beneficiary, as the case may be, shall be entitled to receive any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), the Supplemental Retirement Benefit and accrued but unused vacation pay, in each case to the extent not theretofore paid, and any other amounts or benefits to which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation.

(E) Resolution Of Disputes.

(1) Right Of Election By Executive To Arbitrate Or Sue. In the event that the Executive's employment shall be terminated by the Corporation during the COC Employment Period and such termination is alleged to be for Cause, or the Executive's right to terminate his employment under Section 4(C) above shall be questioned by the Corporation, or the Corporation shall withhold payments or provision of benefits for any other reason, the Executive shall have the right, in addition to all other rights and remedies provided by law, at his election either to seek arbitration within the Toledo, Ohio area under the rules of the American Arbitration Association by serving a notice to arbitrate upon the Corporation or to institute a judicial proceeding, in either case within ninety days after having received notice of termination of his employment or notice in any form that the termination of his employment under Section 4(B) above is subject to question or consideration or that the Corporation is withholding or proposes to withhold payments or provision of benefits.

(2) Third-Party Stakeholder. In the event that the Corporation defaults on any obligation set forth in Section 5(A) above, relating to Termination, and shall have failed to remedy such default within thirty (30) days after having received written notice of such default from the Executive, in addition to all other rights and remedies that the Executive may have as a result of such default, the Executive may demand and the Corporation shall thereupon be required to deposit, with the third-party stakeholder hereinafter described, an amount equal to the undiscounted value of any and all undischarged, future obligations of the Corporation under Section 5(A) above and such amount shall thereafter be held, paid, applied or distributed by such third-party stakeholder for the purpose of satisfying such undischarged, future obligations of the Corporation when and to the extent that they become due and payable. Any interest or other income on such amount shall be retained by the third-party stakeholder and applied, if necessary, by it to satisfy such obligations, provided, however, that any interest or other income that is earned on such undischarged, future obligations after the date that the third-party stakeholder determines, in its sole discretion, that such obligations are due and owing to the Executive, shall be paid to the Executive as earned. To the extent not theretofore expended, such amount (including any remaining unexpended interest or other income) shall be repaid to the Corporation at such time as the third-party stakeholder, in its sole discretion, reasonably exercised, determines, upon the advice of counsel and after consultation with the Corporation and the Executive or, in the event of his death, his Beneficiary, that all obligations of the Corporation under Section 5(A) above have been substantially satisfied.

Such amount shall, in the event of any question, be determined jointly by the firm of certified public accountants regularly employed by the Corporation and a firm of certified public accountants selected by the Executive, in each case upon the advice of actuaries to the extent the certified public accountants consider necessary, and, in the event such two firms of accountants are unable to agree on a resolution of the question, such amount shall be determined by an independent firm of certified public accountants selected jointly by both firms of accountants.

The third-party stakeholder, the fees and expenses of which shall be paid by the Corporation, shall be a national or state bank or trust company having a combined capital, surplus and undivided profits and reserves of not less than Ten Million Dollars ($10,000,000) which is duly authorized and qualified to do business in the state in which the Executive resides at the time of such default.

6. NON-EXCLUSIVITY OF RIGHTS.

Except as provided in Sections 5(A)(2), 5(B) and 5(C) above, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Corporation or any of its Affiliated Companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement entered into after the date hereof with the Corporation or any of its Affiliated Companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of, or any contract or agreement entered into after the date hereof with, the Corporation or any of its Affiliated Companies at or subsequent to the Date of Termination shall be payable in accordance with

such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. For the avoidance of doubt, all of the Executive's outstanding equity awards, including, without limitation, the awards described in Exhibits A-E of the Employment Agreement, shall be treated in accordance with the agreements evidencing such awards and shall remain subject to the terms and conditions contained therein.

7. FULL SETTLEMENT.

The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Corporation may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as provided in Section 5(A)(3) above, such amounts shall not be reduced whether or not the Executive obtains other employment.

8. CERTAIN ADDITIONAL PAYMENTS BY THE CORPORATION.

(A) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise Tax, then the Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 8(A), if it shall be determined that the Executive is entitled to the Gross-Up Payment, but that the Parachute Value of all Payments does not exceed 110% of the Safe Harbor Amount, then no Gross-Up Payment shall be made to the Executive and the amounts payable under this Agreement shall be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount. The reduction of the amounts payable hereunder, if applicable, shall be made by first reducing the payments under Section 5(A)(2), unless an alternative method of reduction is elected by the Executive, and in any event shall be made in such a manner as to maximize the Value of all Payments actually made to the Executive. For purposes of reducing the Payments to the Safe Harbor Amount, only amounts payable under this Agreement (and no other Payments) shall be reduced. If the reduction of the amount payable under this Agreement would not result in a reduction of the Parachute Value of all Payments to the Safe Harbor Amount, no amounts payable under the Agreement shall be reduced pursuant to this Section 8(A). The Corporation's obligation to make Gross-Up Payments under this Section 8 shall not be conditioned upon the Executive's termination of employment.

(B) Subject to the provisions of Section 8(C), all determinations required to be made under this Section 8, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Corporation's independent auditors as of the Change of Control or any earlier date of a determination hereunder (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations both to the Corporation and the Executive within 15 busi-

ness days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Corporation. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control or the appointment of the Accounting Firm is not permitted by law, the Executive may appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Corporation. Any Gross-Up Payment, as determined pursuant to this Section 8, shall be paid by the Corporation to the Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Corporation and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Corporation should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event the Corporation exhausts its remedies pursuant to Section 8(C) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Corporation to or for the benefit of the Executive.

(C) The Executive shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than 10 business days after the Executive is informed in writing of such claim. The Executive shall apprise the Corporation of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies the Executive in writing prior to the expiration of such period that the Corporation desires to contest such claim, the Executive shall:

(1) give the Corporation any information reasonably requested by the Corporation relating to such claim,

(2) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Corporation,

(3) cooperate with the Corporation in good faith in order effectively to contest such claim, and

(4) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax

(including interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 8(C), the Corporation shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either pay the tax claimed to the appropriate taxing authority on behalf of the Executive and direct the Executive to sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that, if the Corporation pays such claim and directs the Executive to sue for a refund, the Corporation shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such payment or with respect to any imputed income in connection with such payment; and provided, further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(D) If, after the receipt by the Executive of a Gross-Up Payment or payment by the Corporation of an amount on the Executive's behalf pursuant to Section 8(C), the Executive becomes entitled to receive any refund with respect to the Excise Tax to which such Gross-Up Payment relates or with respect to such claim, the Executive shall (subject to the Corporation's complying with the requirements of Section 8(C), if applicable) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after payment by the Corporation of an amount on the Executive's behalf pursuant to Section 8(C), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Corporation does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then the amount of such payment shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(E) Notwithstanding any other provision of this Section 8, the Corporation may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of any Gross-Up Payment, and the Executive hereby consents to such withholding.

(F) Definitions. The following terms shall have the following meanings for purposes of this Section 8.

(1) "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(2) "Parachute Value" of a Payment shall mean the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2), as de-

termined by the Accounting Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(3) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.

(4) The "Safe Harbor Amount" means 2.99 times the Executive's "base amount," within the meaning of Section 280G(b)(3) of the Code.

(5) "Value" of a Payment shall mean the economic present value of a Payment as of the date of the change of control for purposes of Section 280G of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

9. CONFIDENTIAL INFORMATION.

(A) The Executive agrees not to disclose, either while in the Corporation's employ or at any time thereafter, to any person not employed by the Corporation, or not engaged to render services to the Corporation, except with the prior written consent of an officer authorized to act in the matter by the Board of Directors of the Corporation, any confidential information obtained by him while in the employ of the Corporation, including, without limitation, information relating to any of the Corporation's inventions, processes, formulae, plans, devices, compilations of information, methods of distribution, customers, client relationships, marketing strategies or trade secrets; provided, however, that this provision shall not preclude the Executive from use or disclosure of information known generally to the public or of information not considered confidential by persons engaged in the business conducted by the Corporation or from disclosure required by law or court order. The agreement herein made in this Section 9(A) shall be in addition to, and not in limitation or derogation of, any obligations otherwise imposed by law upon the Executive in respect of confidential information and trade secrets of the Corporation, its Subsidiaries and Affiliates.

(B) The Executive also agrees that upon leaving the Corporation's employ he will not take with him, without the prior written consent of an officer authorized to act in the matter by the Board of Directors of the Corporation, and he will surrender to the Corporation any record, list, drawing, blueprint, specification or other document or property of the Corporation, its Subsidiaries and Affiliates, together with any copy and reproduction thereof, mechanical or otherwise, which is of a confidential nature relating to the Corporation, its Subsidiaries and Affiliates, or, without limitation, relating to its or their methods of distribution, client relationships, marketing strategies or any description of any formulae or secret processes, or which was obtained by him or entrusted to him during the course of his employment with the Corporation.

10. COMPETITION.

(A) The Executive hereby agrees that he will not engage in Competition at any time (i) during the COC Employment Period, (ii) during the thirty-six (36) months immediately following any termination of his employment with the Corporation that is not a Termination and (iii) in the event of a Termination, during the twelve (12) months immediately following the

Termination. In addition, (1) during the thirty-six (36) months immediately following any termination of the Executive's employment with the Corporation that is not a Termination and (2) in the event of a Termination, during the twelve (12) months immediately following the Termination, the Executive agrees that he will not make or publish any statement which is, or may reasonably be considered to be, disparaging of the Corporation or any of its Subsidiaries or Affiliates, or directors, officers, employees or the operations or products of the Corporation or any of its Subsidiaries or Affiliates.

(B) The word "Competition" for the purposes of this Agreement shall mean:

(1) taking a management position with or control of a business engaged in the design, development, manufacture, marketing or distribution of products, which constituted 15% or more of the sales of the Corporation and its Subsidiaries and Affiliates during the last fiscal year of the Corporation preceding the termination of the Executive's employment, in any geographical area in which the Corporation, its Subsidiaries or Affiliates is at the time engaging in the design, development, manufacture, marketing or distribution of such products; provided, however, that in no event shall ownership of less than 5% of the outstanding capital stock entitled to vote for the election of directors of a corporation with a class of equity securities held of record by more than 500 persons, standing alone, be deemed Competition with the Corporation within the meaning of this Section 10,

(2) soliciting any person who is a customer of the businesses conducted by the Corporation, or any business in which the Executive has been engaged on behalf of the Corporation and its Subsidiaries or Affiliates at any time during the term of this Agreement on behalf of a business described in clause (1) of this Section 10(B), or

(3) inducing or attempting to persuade any employee of the Corporation or any of its Subsidiaries or Affiliates to terminate his employment relationship in order to enter into employment with a business described in clause (1) of this Subsection 10(B).

11. SUCCESSORS.

Except as otherwise provided herein,

(A) This Agreement shall be binding upon and shall inure to the benefit of the Executive, his heirs and Beneficiaries, and the Corporation and its successors as provided in this Section 11.

(B) This Agreement shall be binding upon and inure to the benefit of the Corporation and any successor of the Corporation, including, without limitation, any corporation or corporations acquiring, directly or indirectly, 50% or more of the outstanding securities of the Corporation, or all or substantially all of the assets of the Corporation, whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed embraced within the term "the Corporation" for the purposes of this Agreement), but shall not otherwise be assignable by the Corporation.

12. CERTAIN DEFINITIONS.

The following defined terms used in this Agreement shall have the meanings indicated:

(A) Beneficiary. The term "Beneficiary" as used in this Agreement shall, in the event of the death of the Executive, mean an individual or individuals and/or an entity or entities, including, without limitation, the Executive's estate, duly designated on a form filed with the Corporation by the Executive to receive any amount that may be payable after his death or, if no such individual, individuals, entity or entities has or have been so designated, or is at the time in existence or able to receive any such amount, the Executive's estate.

(B) Change Of Control. A "Change of Control" shall mean the first to occur of any of the following events:

(1) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the Corporation's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with any acquisition pursuant to a transaction that complies with Sections 12(B)(3)(a), 12(B)(3)(b) and 12(B)(3)(c); or

(2) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date of this Agreement, constitute the Board (the "Incumbent Board") and any new director whose appointment or election by the Board or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation, shall not be treated as members of the Incumbent Board; or

(3) there is consummated a merger, reorganization, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any direct or indirect Subsidiary of the Corporation, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each a "Business Combination"), in each case unless, immediately following such Business Combination, (a) the voting securities of the Corporation outstanding immediately prior to such Business Combination (the "Prior Voting Securities") continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of the Business

Combination or any parent thereof) at least 50% of the combined voting power of the securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such Business Combination, (b) no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation or the surviving entity of the Business Combination or any parent thereof (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the securities of the Corporation or surviving entity of the Business Combination or any parent thereof, except to the extent that such ownership existed prior to the Business Combination and (c) at least a majority of the members of the board of directors of the Corporation or the surviving entity of the Business Combination or any parent thereof were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(4) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation.

Notwithstanding the foregoing, any disposition of all or substantially all of the assets of the Corporation pursuant to a spinoff, splitup or similar transaction (a "Spinoff") shall not be treated as a Change of Control if, immediately following the Spinoff, holders of the Prior Voting Securities immediately prior to the Spinoff continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding securities of both entities resulting from such transaction, in substantially the same proportions as their ownership, immediately prior to such transaction, of the Prior Voting Securities; provided, that if another Business Combination involving the Corporation occurs in connection with or following a Spinoff, such Business Combination shall be analyzed separately for purposes of determining whether a Change of Control has occurred.

"Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Corporation or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation.

(C) Change Of Control Date. The "Change of Control Date" shall mean the first date on which a Change of Control occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Corporation is terminated or the Executive ceases to have the position with the Corporation set forth in Section 2(A) above prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination or cessation (i) was at the request of a third party who has taken steps reasonably calculated to effect the Change of Control or (ii) otherwise arose in connection with or anticipation of the Change of Control, then for all purposes of this Agreement the "Change of Control Date" shall mean the date immediately prior to the date of such termination or cessation.

13. AMENDMENT OR MODIFICATION; WAIVER.

No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver shall be authorized by the Board of Directors of the Corporation or any authorized committee of the Board of Directors and shall be agreed to in writing, signed by the Executive and by an officer of the Corporation thereunto duly authorized. Except as otherwise specifically provided in this Agreement, no waiver by either party hereto of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a subsequent breach of such condition or provision or a waiver of a similar or dissimilar provision or condition at the same time or at any prior or subsequent time.

14. MISCELLANEOUS.

(A) This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(B) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Michael J. Burns
10200 Blue Heron Point,
West Palm Beach, FL 33412

If to the Corporation:

Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615
Attention: Secretary

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(C) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(D) The Corporation may withhold from any amounts payable under this Agreement such Federal, state or local taxes as it determines is required to be withheld pursuant to any applicable law or regulation.

(E) When used herein in connection with plans, programs and policies relating to the Executive, employees, compensation, benefits, perquisites, executive benefits, services and simi-

lar words and phrases, the word "Corporation" shall be deemed to include all wholly-owned Subsidiaries of the Corporation.

(F) This instrument contains the entire agreement of the parties concerning the subject matter, and all promises, representations, understandings, arrangements and prior agreements concerning the subject matter are merged herein and superseded hereby; provided, however, that prior to the COC Employment Period, the Employment Agreement shall be in full force and effect in accordance with its terms, and provided further, however, that upon the date that this Agreement becomes operative in accordance with Section 1(A), the provisions of the Employment Agreement expressly referred to herein which are intended to continue during the COC Employment Period as set forth herein and Sections 10 (and, for purposes of this Agreement, references to "this Agreement" in Section 10 shall mean and include references to this Agreement) and 14 of the Employment Agreement shall be deemed to be incorporated herein as if the Employment Agreement had remained in effect during the COC Employment Period.

(G) No right, benefit or interest hereunder, shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect.

(H) The Executive shall not have any right, title, or interest whatsoever in or to any investments which the Corporation may make to aid it in meeting its obligations under this Agreement.

(I) Subject to the provisions of Section 5(E) above, all payments to be made under this Agreement shall be paid from the general funds of the Corporation and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of amounts payable under this Agreement.

(J) The Corporation and the Executive recognize that each party will have no adequate remedy at law for breach by the other of any of the agreements contained in this Agreement and, in the event of any such breach, the Corporation and the Executive hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of such agreements.

(K) Subject to the provisions of Section 5(E) above, nothing contained in this Agreement shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and the Executive or any other person.

(L) Subject to the provisions of Section 5(E) above, to the extent that any person acquires a right to receive payments from the Corporation under this Agreement, except to the extent provided by law such right shall be no greater than the right of an unsecured general creditor of the Corporation.

(M) In the event of the Executive's death or a judicial determination of his incompetence, reference in this Agreement to the Executive shall be deemed, where appropriate, to refer to his legal representative or, where appropriate, to his Beneficiary.

(N) If any event provided for in this Agreement is scheduled to take place on a legal holiday, such event shall take place on the next succeeding day that is not a legal holiday.

(O) This Agreement is not intended to and shall not infer or imply any right on the part of the Executive to continue in the employ of the Corporation, or any Subsidiary or Affiliate of the Corporation, prior to a Change of Control, and is not intended in any way to limit the right of the Corporation to terminate the employment of the Executive, with or without assigning a reason therefor, at any time prior to a Change of Control. Nor is this Agreement intended to nor shall it require or imply an obligation on the part of the Executive to continue in the employment of the Corporation, or any Subsidiary or Affiliate of the Corporation, prior to a Change of Control. Neither the Corporation nor the Executive shall incur any liability under this Agreement if the employment of the Executive shall be terminated by the Corporation or by the Executive prior to a Change of Control.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, the Corporation have caused this Agreement to be executed as of the day and year first above written.

DANA CORPORATION

By: /s/ G. H. Hiner
---------------
Chairman

M. J. Burns
-----------
Executive

Exhibit A to Agreement
Made as of February 3, 2004 Between
Dana Corporation and Michael J. Burns

As of [ ], 2004, for purposes of Section 2(A),

The office(s) and title(s) of the Executive are President and Chief Executive Officer of the Corporation;

the reporting responsibility of the Executive is to report directly to the Chairman of the Board of Directors (or acting Chairman of the Board of Directors); and

the duties and responsibilities of the Executive are:

Serves as the President and Chief Executive Officer of the Corporation, in which capacity he has overall responsibility for the development and implementation of the Corporation's business strategy.

Serves as a member of the Policy Committee (or its equivalent) which sets the corporate style, strategies, policies and goals that business operations of the Corporation are responsible for in their performance.

Serves as a member of the World Operating Committee (or its equivalent) which monitors business unit performance, implements product strategies, and takes corrective action in the event of non-performance in the areas of meeting financial goals and implementation of market strategies, and ensures interaction between divisions and affiliates.

Serves as a member of the Strategic Operating Committee (or its equivalent) which reviews and approves business strategy along with monitoring business unit performance.

Exhibit B To Agreement
Made As Of February 3, 2004 Between
Dana Corporation And Michael J. Burns

FORM OF RELEASE AGREEMENT

This Release Agreement ("Release") is entered into as of this ______day of ________, hereinafter "Execution Date", by and between [Executive Full Name] (hereinafter "Executive"), and [Employer Full Name] and its successors and assigns (hereinafter, the "Corporation"). The Executive and the Corporation are sometimes collectively referred to as the "Parties".

1. The Executive's employment with the Corporation is terminated effective [Month, Day, Year] (hereinafter "Termination Date"). The Corporation agrees to provide the Executive the severance benefits provided for in his Change of Control Agreement with the Corporation, dated as of [ ] (the "Agreement"), after he executes this Release and the Release becomes effective pursuant to its terms and does not revoke it as permitted in Section 4 below, the expiration of such revocation period being the "Effective Date".

2. Executive represents that he has not filed, and will not file, any complaints, lawsuits, administrative complaints or charges relating to his employment with, or resignation from, the Corporation; provided, however, that nothing contained in this Section 2 shall prohibit Executive from bringing a claim to challenge the validity of the ADEA Release in Section 4 herein. In consideration of the benefits described in Section 1, for himself and his heirs, administrators, representatives, executors, successors and assigns (collectively, "Releasers"), Executive agrees to release the Corporation, its subsidiaries, affiliates, and their respective parents, direct or indirect subsidiaries, divisions, affiliates and related companies or entities, regardless of its or their form of business organization, any predecessors, successors, joint ventures, and parents of any such entity, and any and all of their respective past or present shareholders, partners, directors, officers, employees, consultants, independent contractors, trustees, administrators, insurers, agents, attorneys, representatives and fiduciaries, including without limitation all persons acting by, through, under or in concert with any of them (collectively, the "Released Parties"), from any and all claims, charges, complaints, causes of action or demands relating to his employment or termination of employment that Executive and his Releasers now have or have ever had against the Released Parties, whether known or unknown. This Release specifically excludes claims, charges, complaints, causes of action or demand that (a) post-date the Termination Date, (b) relate to unemployment compensation claims, (c) involve rights to benefits in which Executive is vested as of the Termination Date under any employee benefit plans and arrangements of the Corporation, (d) relate to claims for indemnification by Executive, or (e) involve obligations owed to Executive by the Corporation under the Agreement.

3. The Corporation, on its own behalf and on behalf of the Released Parties, hereby releases Executive from all claims, causes of actions, demands or liabilities which arose against the Executive on or before the time it signs this Agreement, whether known or unknown. This Paragraph, however, does not apply to or adversely affect any claims against Execu-

tive which allege or involve obligations owed by him to the Corporation under the Agreement. The Corporation will indemnify Executive for reasonable attorneys' fees, costs and damages which may arise in connection with any proceeding by the Corporation or any Released Party which is inconsistent with this Release by the Corporation and the Released Parties.

4. In further recognition of the above, Executive hereby voluntarily and knowingly waives all rights or claims that he may have against the Released Parties arising under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), other than any such rights or claims that may arise after the date of execution of this Release. Executive specifically agrees and acknowledges that: (A) the release in this Section 4 was granted in exchange for the receipt of consideration that exceeds the amount to which he would otherwise be entitled to receive upon termination of his employment; (B) he has hereby been advised in writing by the Corporation to consult with an attorney prior to executing this Release; (C) the Corporation has given him a period of up to twenty-one (21) days within which to consider this Release, which period shall be waived by the Executive's voluntary execution prior to the expiration of the twenty-one day period, and he has carefully read and voluntarily signed this Release with the intent of releasing the Released Parties to the extent set forth herein; and (D) following his execution of this Release he has seven (7) days in which to revoke his release as set forth in this Section 4 only and that, if he chooses not to so revoke, the Release in this Section 4 shall then become effective and enforceable and the payment listed above shall then be made to him in accordance with the terms of this Release. To cancel this Release, Executive understands that he must give a written revocation to the General Counsel of the Corporation at [ ](1), either by hand delivery or certified mail within the seven-day period. If he rescinds the Release, it will not become effective or enforceable and he will not be entitled to any severance benefits from the Corporation.

5. If any provision of this Release is held invalid, the invalidity of such provision shall not affect any other provisions of this Release. This Release is governed by, and construed and interpreted in accordance with the laws of the State of Ohio, without regard to principles of conflicts of law. Executive consents to venue and personal jurisdiction in the State of Ohio for disputes arising under this Release. This Release represents the entire understanding between the Parties with respect to subject matter herein, and no other inducements or representations have been made or relied upon by the Parties. This Release shall be binding upon and inure to the benefit of Executive, his heirs and legal representatives, and the Corporation and its successors as provided in this Section 5. Any modification of this Release must be made in writing and be signed by Executive and the Corporation.

ACCEPTED AND AGREED TO:

| ____________________________ | ____________________________ |
|---|---|
| [Employer Full Name] | [Executive Full Name] |

(1) INSERT ADDRESS.

Dated:______________________________ Dated:____________________________

Exhibit 10-F(2)

# CHANGE OF CONTROL AGREEMENT

BETWEEN

DANA CORPORATION

AND

[NAME OF EXECUTIVE]

DATED DECEMBER 8, 2003

TABLE OF CONTENTS


| SECTION | | | | PAGE |
|---|---|---|---|---|
| Recitals | | | | 1 |
| 1. | OPERATION OF AGREEMENT; EMPLOYMENT AND TERM | | | 1 |
| 2. | POSITION AND DUTIES OF THE EXECUTIVE | | | 2 |
| | (A) | Position | | 2 |
| | (B) | Duties | | 3 |
| | (C) | Location Of Office | | 3 |
| 3. | COMPENSATION | | | 3 |
| | (A) | Salary | | 3 |
| | (B) | Additional Compensation | | 4 |
| | (C) | Incentive, Stock And Savings Plans | | 4 |
| | (D) | Retirement And Welfare Benefit Plans | | 4 |
| | (E) | Expenses | | 5 |
| | (F) | Fringe Benefits | | 5 |
| | (G) | Office And Support Staff | | 5 |
| | (H) | Vacation And Other Absences | | 5 |
| | (I) | Benefits Shall Not Be Reduced Under Certain Circumstances | | 5 |
| | (J) | Certain Retirement And Severance Definitions | | 6 |
| 4. | TERMINATION OF EMPLOYMENT | | | 7 |
| | (A) | Death Or Disability | | 7 |
| | (B) | Cause | | 7 |
| | (C) | Good Reason | | 8 |
| | (D) | Notice Of Termination | | 9 |
| | (E) | Date Of Termination | | 10 |
| 5. | OBLIGATIONS OF THE CORPORATION UPON TERMINATION | | | 10 |
| | (A) | Termination Other Than For Cause | | 10 |
| | (B) | [intentionally left blank] | | 13 |
| | (C) | Cause; Other Than For Good Reason | | 13 |
| | (D) | Death Or Disability | | 13 |
| | (E) | Resolution Of Disputes | | 13 |
| | | (1) | Right Of Election By Executive To Arbitrate Or Sue | 13 |
| | | (2) | Third-Party Stakeholder | 14 |
| 6. | NON-EXCLUSIVITY OF RIGHTS | | | 15 |
| 7. | FULL SETTLEMENT | | | 15 |
| 8. | CERTAIN ADDITIONAL PAYMENTS BY THE CORPORATION | | | 15 |
| 9. | CONFIDENTIAL INFORMATION | | | 18 |
| 10. | COMPETITION | | | 19 |
| 11. | SUCCESSORS | | | 19 |
| 12. | CERTAIN DEFINITIONS | | | 20 |
| | (A) | Beneficiary | | 20 |
| | (B) | Change Of Control | | 20 |
| | (C) | Change Of Control Date | | 22 |
| 13. | AMENDMENT OR MODIFICATION; WAIVER | | | 22 |
| 14. | MISCELLANEOUS | | | 22 |
| Exhibit A | | | | |
| Exhibit B | | | | |

DEFINED TERMS


| DEFINED TERMS* | SECTION | PAGE |
|---|---|---|
| Accounting Firm | 8(B) | 16 |
| Accrued Obligations | 5(A)(1)(c) | 11 |
| ACP | 3(B) | 4 |
| Affiliate | 2(A)(5) | 2 |
| Affiliated Companies | 3(A) | 3 |
| Agreement | Introduction | 1 |
| Annual Base Salary | 3(A) | 3 |
| Annual Bonus | 3(B) | 4 |
| Beneficial Owner | 12(B) | 21 |
| Beneficiary | 12(A) | 20 |
| Board | 3(A) | 3 |
| Business Combination | 12(B)(3) | 20 |
| Cause | 4(B) | 7 |
| Change of Control | 12(B) | 20 |
| Change of Control Date | 12(C) | 21 |
| COC Employment Period | 1(B) | 1 |
| Code | 3(I) | 5 |
| Competition | 10(B) | 19 |
| Corporation | Introduction | 1 |
| | 14(E) | 23 |
| Date of Termination | 4(E) | 10 |
| Disability | 4(A)(2) | 7 |
| Disability Effective Date | 4(A)(2) | 7 |
| Exchange Act | 12(B) | 21 |
| Excise Tax | 8(F)(1) | 18 |
| Executive | Introduction | 1 |
| Good Reason | 4(C) | 8 |
| Gross-Up Payment | 8(A) | 15 |
| Incumbent Board | 12(B)(2) | 20 |
| Notice of Termination | 4(D) | 10 |
| Other Benefits | 5(A)(5) | 12 |
| Parachute Value | 8(F)(2) | 18 |
| Payment | 8(F)(3) | 18 |
| Pension and Retirement Program of the Corporation | 3(J)(2) | 6 |
| Person | 12(B) | 21 |
| Prior Voting Securities | 12(B)(3) | 21 |
| Renewal Date | 1(D) | 1 |
| Safe Harbor Amount | 8(F)(4) | 18 |


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* Each listed term is intended to include both the singular and plural form of the term.

| | | |
|---|---|---|
| SERP Retirement Date | 5(A)(3) | 11 |
| Service | 3(J)(3) | 7 |
| Severance Compensation | 3(J)(1) | 6 |
| Short-Term Award | 3(B) | 4 |
| Spinoff | 12(B) | 21 |
| Subsidiary | 2(A)(5) | 2 |
| Terminal Date | 1(A) | 1 |
| Termination | 5(A) | 10 |
| Termination Period | 5(A)(2) | 11 |
| Underpayment | 8(B) | 16 |
| Value | 8(F)(5) | 18 |

THIS CHANGE OF CONTROL AGREEMENT (the "Agreement") made and entered into as of this 8th day of December, 2003, by and between DANA CORPORATION, a Virginia corporation whose principal place of business is located at 4500 Dorr Street, Toledo, Ohio (the "Corporation"), and __________ (the "Executive");

WHEREAS, the Executive is a principal executive officer of the Corporation and an integral part of its management; and

WHEREAS, the Corporation wishes to assure both itself and the Executive of continuity of management in the event of any actual or threatened Change of Control of the Corporation; and

WHEREAS, this Agreement is not intended to alter materially the compensation and benefits that the Executive could reasonably expect in the absence of a Change of Control of the Corporation, and, accordingly, this Agreement, though taking effect upon execution thereof, will be operative only upon a Change of Control of the Corporation, as that term is hereafter defined;

NOW, THEREFORE, IN CONSIDERATION of the mutual promises, covenants and agreements set forth below, it is hereby agreed as follows:

1. OPERATION OF AGREEMENT; EMPLOYMENT AND TERM.

(A) This Agreement shall be effective immediately upon its execution by the parties hereto but, anything in this Agreement to the contrary notwithstanding, neither the Agreement nor any provision thereof, except for this Section 1(A), Section 1(D), Section 2(A)(2), Section 11, Section 12(B), Section 13, and Sections 14(A), (B), (C), (F), (N) and (O), shall be operative unless and until there has been a Change of Control of the Corporation, as defined in Section 12(B) below, prior to December 31, 2005 or such later date as shall result from the operation of Section 1(D) below (the "Terminal Date") and while the Executive is in the employ of the Corporation. Upon such a Change of Control of the Corporation, this Agreement and all provisions thereof shall become operative immediately.

(B) The Corporation hereby agrees to continue the employment of the Executive, and the Executive hereby agrees to remain in the employ of the Corporation, in accordance with the terms and provisions of this Agreement, for the period set forth below (the "COC Employment Period").

(C) The COC Employment Period under this Agreement shall commence on the date this Agreement becomes operative pursuant to the provisions of Sections 1(A) above and, subject only to the provisions of Section 4 below relating to termination of employment, shall continue until the third anniversary of a Change of Control of the Corporation.

(D) Commencing on December 31, 2003, and on each anniversary of such date (such date and each such annual anniversary thereof, the "Renewal Date"), the Terminal Date set forth in Section 1(A) above shall be extended so as to occur three (3) years from the Renewal Date unless either party shall have given notice to the other party that the Terminal Date is not to be extended or further extended.

2. POSITION AND DUTIES OF THE EXECUTIVE.

(A) Position.

(1) It is contemplated that during the COC Employment Period the Executive will continue to serve as a principal officer of the Corporation and as a member of its Board of Directors if serving as a member of the Board of Directors immediately prior to a Change of Control, as defined in Section 12(B) below, with the office(s) and title(s), reporting responsibility and duties and responsibilities of the Executive on the date of this Agreement, as the same may be changed from time to time after the date of this Agreement and prior to the date this Agreement becomes operative pursuant to the provisions of Section 1(a) above.

(2) The office(s), title(s), reporting responsibility, duties and responsibilities of the Executive on the date of this Agreement, as the same may be changed from time to time after the date of this Agreement and prior to the date this Agreement becomes operative pursuant to the provisions of Section 1(A) above, shall be summarized in Exhibit A to this Agreement, it being understood and agreed that if, as when the office(s), title(s), reporting responsibility, duties and responsibilities of the Executive shall be changed prior to the date this Agreement becomes operative pursuant to the provisions of Section 1(A) above, Exhibit A shall be deemed to be and shall be updated by the parties to reflect such change; provided, however, that Exhibit A is intended only as memorandum for the convenience of the parties and shall be disregarded if and to the extent that, at the time this Agreement becomes operative, Exhibit A shall fail to reflect accurately the office(s), title(s), reporting responsibility, duties or responsibilities of the Executive at the time because the parties shall have failed to update Exhibit A as aforesaid after the last such change prior to the date this Agreement shall have become operative.

(3) At all times during the COC Employment Period, the Executive shall hold a position of responsibility and importance and a position of scope, with the functions, duties and responsibilities attached thereto, at least equal in responsibility and importance and in scope to and commensurate with his position described in general terms above in this Section 2(A) and intended to be summarized in Exhibit A to this Agreement.

(4) During the COC Employment Period the Executive shall, without compensation other than that herein provided, also serve and continue to serve, if and when elected and re-elected, as an officer or director, or both, of any United States Subsidiary, division or Affiliate of the Corporation.

(5) For all purposes of this Agreement, (1) a "Subsidiary" shall mean a corporation or other entity, of which 50% or more of the voting securities or other equity interests is owned directly, or indirectly through one or more intermediaries, by the Corporation, and (2) an "Affiliate" shall mean a corporation or other entity which is not a Subsidiary and which directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Corporation. For the purpose of this definition, the terms "control", "controls" and "controlled" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and poli-

cies of a corporation or other entity, whether through the ownership of voting securities, by contract, or otherwise.

(B) Duties. Throughout the COC Employment Period the Executive shall devote his full time and undivided attention during normal business hours to the business and affairs of the Corporation except for reasonable vacations and except for illness or incapacity, but nothing in this Agreement shall preclude the Executive from devoting reasonable periods required for:

(1) serving as a director or member of a committee or any organization involving no conflict of interest with the interests of the Corporation;

(2) delivering lectures, fulfilling speaking engagements, teaching at educational institutions;

(3) engaging in charitable and community activities; and

(4) managing his personal investments;

provided, that such activities do not materially interfere with the regular performance of his duties and responsibilities under this Agreement.

(C) Location Of Office. During the COC Employment Period, the office of the Executive shall be located at the principal offices of the Corporation, within the greater Toledo, Ohio area, and the Executive shall not be required to locate his office elsewhere without his prior written consent, nor shall he be required to be absent therefrom on travel status or otherwise more than thirty (30%) of the working days in any calendar year nor for more than ten (10) consecutive days at any one time.

3. COMPENSATION.

The Executive shall receive the following compensation for his services:

(A) Salary. So long as the Executive is employed by the Corporation, he shall be paid an annual base salary, payable not less often than monthly, at the rate of not less than $_________ per month with such increases as shall be awarded from time to time in accordance with the Corporation's regular administrative practices of other salary increases applicable to executives of the Corporation, subject to any and all required withholdings and deductions for Social Security, income taxes and the like (the "Annual Base Salary"). The Board of Directors of the Corporation (the "Board") may from time to time direct such upward adjustments to Annual Base Salary as the Board deems to be necessary or desirable; provided, however, that during the COC Employment Period, the Annual Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time but not less often than annually and shall be substantially consistent with increases in base salary generally awarded in the ordinary course of business to other senior executives of the Corporation and its "Affiliated Companies" (a term which, as used in this Agreement, shall mean a Subsidiary or Affiliate of the Corporation) and, in addition, shall be adjusted effective as of January lst of each calendar year commencing in the COC Employment Period to reflect increases in the cost of living during the preceding calendar year. Annual Base Salary shall not be reduced after any increase thereof pursuant to this Section 3(A).

Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation of the Corporation under this Agreement.

(B) Additional Compensation. So long as the Executive is employed by the Corporation, he shall be eligible to receive annual short-term incentive awards or bonuses (such award or bonus is hereinafter referred to as "Short-Term Award" or "Annual Bonus") from the Dana Corporation Additional Compensation Plan, and from any successor or replacement plan (the Dana Corporation Additional Compensation Plan and such successor or replacement plans being referred to herein collectively as the "ACP"), in accordance with the terms thereof; provided, however, that, with respect to each fiscal year of the Corporation ending during the COC Employment Period, the Executive shall be awarded (whether under the terms of the ACP or otherwise) an Annual Bonus in an amount that shall not be less than fifty percent (50%) of his Annual Base Salary rate in effect on the last day of such fiscal year (which amount shall be prorated if such fiscal year shall be less than 12 months). Each Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the receipt of such Annual Bonus is deferred in accordance with the terms of the ACP.

(C) Incentive, Stock And Savings Plans. So long as the Executive is employed by the Corporation, he shall be and continue to be a full participant in the Dana Corporation 1997 Stock Option Plan, the ACP (providing for Short-Term Awards) and in any and all other incentive, stock, savings or retirement plans, practices or policies in which executives of the Corporation participate that are in effect on the date hereof and that may hereafter be adopted, including, without limitation, any stock option, stock purchase or stock appreciation plans, or any successor plans that may be adopted by the Corporation with, except in the case of the ACP after the commencement of the COC Employment Period, at least the same reward opportunities, if any, that have heretofore been provided to the Executive. Nothing in this Agreement shall preclude improvement of reward opportunities in such plans or other plans in accordance with the practices in effect on the first day of the calendar month that this Agreement becomes operative. Any provision of the ACP or of this Agreement to the contrary notwithstanding, any Short-Term Awards made to the Executive (whether for services rendered prior to or after the date this Agreement becomes operative) shall be paid wholly in cash as soon as practicable after the awards are made.

(D) Retirement And Welfare Benefit Plans. The Executive, his dependents and Beneficiary, including, without limitation, any beneficiary of a joint and survivor or other optional method of payment applicable to the payment of benefits under the Pension and Retirement Program of the Corporation, as defined in Section 3(J)(2) below, shall be entitled to all payments and benefits and service credit for benefits during the COC Employment Period to which other senior executives of the Corporation, their dependents and their beneficiaries are entitled under the terms of employee retirement and welfare benefit plans and practices of the Corporation, including, without limitation, the Pension and Retirement Program of the Corporation (as defined in Section 3(J)(2) below), the Corporation's Savings and Investment Plan, its Stock Purchase Plan, its Stock Award Plan, its Income Protection Plan for Management and Certain Other Employees providing layoff and severance benefits, its 1989 and 1999 Restricted Stock Plans, its Excess Benefits Plan, its Supplemental Benefits Plan, its death benefit plans (consisting

of its Group Insurance Plan for Management Employees providing life insurance, accidental death and dismemberment insurance, and travel accident insurance), its disability benefit plans (consisting of its salary continuation, sickness and accident and long-term disability benefits programs), its medical, dental and health and welfare plans and other present or equivalent successor plans and practices of the Corporation, its Subsidiaries and divisions, for active and retired employees, for which officers, their dependents and beneficiaries, are eligible, and to all payments or other benefits under any such plan or practice subsequent to the COC Employment Period as a result of participation in such plan or practice during the COC Employment Period.

(E) Expenses. So long as the Executive is employed by the Corporation, he shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the polices, practices and procedures of the Corporation and its Affiliated Companies from time to time in effect, commensurate with his position and on a basis at least comparable to that of other senior executives of the Corporation.

(F) Fringe Benefits. So long as the Executive is employed by the Corporation, he shall be entitled to fringe benefits, including, without limitation, the business and personal use of an automobile, and payment or reimbursement of club initiation fees and dues, in accordance with the plans, practices, programs and policies of the Corporation and its Affiliated Companies from time to time in effect, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(G) Office And Support Staff. So long as the Executive is employed by the Corporation, he shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(H) Vacation And Other Absences. So long as the Executive is employed by the Corporation, he shall be entitled to paid vacation and such other paid absences whether for holidays, illness, personal time or any similar purposes, in accordance with the plans, policies, programs and practices of the Corporation and its Affiliated Companies in effect from time to time, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(I) Benefits Shall Not Be Reduced Under Certain Circumstances. Nothing in this Agreement shall preclude the Corporation from amending or terminating any employee benefit or welfare plan or practice, but, it being the intent of the parties that the Executive shall continue to be entitled during the COC Employment Period to perquisites as set forth in this Section 3 and to benefits and service credit for benefits under Section 3(D) above at least equal to those attached to his position on the date of this Agreement (except that, in converting a monthly retirement benefit, which is payable under any plan that is a component of the Pension and Retirement Program of the Corporation, into a lump sum payment, the lump sum distribution shall be actuarially equivalent to the monthly benefit provided under such Pension and Retirement Program, calculated using the following basis, whichever produces a larger lump sum amount: (x) the lump sum amount calculated on the basis of the "applicable interest rate" (as in effect for the November preceding the calendar year in which the calculation is made) and the "applicable mortality table", both as defined in Section 417(e) of the Internal Revenue Code of 1986 as amended (the "Code"); or (y) the lump sum amount calculated on the basis of the actuarial equivalent factor used to convert the Executive's Earned Benefit Account into a life annuity un-

der the Dana Corporation Retirement Plan at the time the calculation was made), and except as provided in the last sentence of this Section 3(I), nothing in this Agreement shall operate or be construed to reduce, or authorize a reduction without the Executive's written consent in, the level of such perquisites, benefits or service credit for benefits; in the event of any such reduction, by amendment or termination of any plan or practice or otherwise, the Executive, his dependents and Beneficiary, shall continue to be entitled to perquisites, benefits and service credit for benefits at least equal to the perquisites, benefits and service credit for benefits under such plans or practices that he or his dependents and Beneficiary would have received if such reduction had not taken place. If and to the extent that such perquisites, benefits and service credits are not payable or provided under any such plans or practices by reason of such amendment or termination thereof, the Corporation itself shall pay or provide therefor. Notwithstanding the foregoing provisions of this Section 3(I), the Executive hereby waives the benefit of the foregoing minimum benefit protection only as it applies to the Dana Corporation Savings and Investment Plan, and to its medical, dental and health plans for active and retired employees. The Executive expressly does not waive the application of the foregoing minimum benefit protection to any of the other benefit plans, programs or practices enumerated in Section 3 above, including, without limitation, the Pension and Retirement Program of the Corporation, its death benefit plans, its disability benefit plans, and its Income Protection Plan for Management and Certain Other Employees. The Executive reserves the right to cancel the above waiver, prospectively, at any future time by giving written notice to the Corporation of such cancellation. Nothing in this Section 3(I) shall be construed to prohibit the Corporation from amending or terminating any employee benefit or welfare plan or practice to reduce benefits, so long as such reduction applies to all salaried Corporation employees covered by such plan or practice equally and such reduction is adopted prior to the Change of Control Date.

(J) Certain Retirement And Severance Definitions.

(1) The term "Severance Compensation" shall mean the sum of (1) one-twelfth (1/12) of the Annual Base Salary provided in Section 3(A) at the rate being paid at the time the Executive's termination of employment occurred, and (2) one-twelfth (1/12) of the greater of (x) the average of the highest Annual Bonuses payable to the Executive for any three (3) consecutive full or partial fiscal years during his employment by the Corporation or (y) the Executive's target annual bonus (currently 60%) in effect under the ACP as of the Date of Termination (which, for purposes of this Section 3(J) and notwithstanding any reduction following the Change of Control Date, shall not be less than the Executive's target annual bonus as of immediately prior to the Change of Control Date), provided, however, that, solely for purposes of determining the Executive's benefit under the Pension and Retirement Program of the Corporation, with respect to 1994 and subsequent years' Annual Bonuses, only that portion of the Executive's Annual Bonus as does not exceed 125% of his Annual Base Salary will be considered.

(2) The term "Pension and Retirement Program of the Corporation" shall mean the Dana Corporation Retirement Plan, the Dana Corporation Excess Benefits Plan, the Dana Corporation Supplemental Benefits Plan, and any other supplemental, early retirement and similar plan or plans of the Corporation, its Subsidiaries and Affiliates, providing for pension or retirement benefits that may be applicable to the Executive and that are in effect on the date hereof or may hereafter be adopted or substituted for any such

plan, but exclusive of the Dana Corporation Savings and Investment Plan and any similar plan or plans.

(3) The term "Service" shall mean employment as an employee by the Corporation, any Subsidiary or Affiliate thereof or any corporation the capital stock or assets of which have been acquired by, or which has been merged into or consolidated with the Corporation or any Subsidiary or Affiliate thereof.

4. TERMINATION OF EMPLOYMENT.

(A) Death Or Disability.

(1) The Executive's employment shall terminate automatically upon the Executive's death during the COC Employment Period.

(2) If the Corporation determines in good faith that the Disability (as defined below) of the Executive has occurred during the COC Employment Period, it may give to the Executive written notice in accordance with Section 14(B) below of its intention to terminate the Executive's employment. In such event, the COC Employment Period shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided, that within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Corporation on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Corporation or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(B) Cause. The Corporation may terminate the Executive's employment during the COC Employment Period for Cause. For purposes of this Agreement, the termination of the Executive's employment shall be deemed to have been for "Cause" only

(1) if termination of his employment shall have been the result of his conviction of, or plea of guilty or nolo contendere to, the charge of having committed a felony (whether or not such conviction is later reversed for any reason), or

(2) if there has been a breach by the Executive during the COC Employment Period of the provisions of Section 2(B), relating to the time to be devoted to the affairs of the Corporation, or of Section 9, relating to confidential information, and such breach results in demonstrably material injury to the Corporation, and, with respect to any alleged breach of Section 2(B) hereof, the Executive shall have either failed to remedy such alleged breach within thirty days from his receipt of written notice from the Secretary of the Corporation pursuant to resolution duly adopted by the Board of Directors of the Corporation after notice to the Executive and an opportunity to be heard demanding that he remedy such alleged breach, or shall have failed to take all reasonable steps to that end during such thirty-day period and thereafter;

provided, that there shall have been delivered to the Executive a certified copy of a resolution of the Board of Directors of the Corporation adopted by the affirmative vote of not less than three-fourths of the entire membership of the Board of Directors called and held for that purpose and at which the Executive was given an opportunity to be heard, finding that the Executive was guilty of conduct set forth in subparagraph (1) or (2) above, specifying the particulars thereof in detail.

Anything in this Section 4(B) or elsewhere in this Agreement to the contrary notwithstanding, the employment of the Executive shall in no event be considered to have been terminated by the Corporation for Cause if termination of his employment took place

(1) as the result of bad judgment or negligence on the part of the Executive, or

(2) because of an act or omission believed by the Executive in good faith to have been in or not opposed to the interests of the Corporation, or

(3) for any act or omission in respect of which a determination could properly be made that the Executive met the applicable standard of conduct prescribed for indemnification or reimbursement or payment of expenses under (A) the Bylaws of the Corporation, or (B) the laws of the State of Virginia, or (C) the directors' and officers' liability insurance of the Corporation, in each case either as in effect at the time of this Agreement or in effect at the time of such act or omission, or

(4) as the result of an act or omission which occurred more than twelve calendar months prior to the Executive's having been given notice of the termination of his employment for such act or omission unless the commission of such act or such omission could not at the time of such commission or omission have been known to a member of the Board of Directors of the Corporation (other than the Executive, if he is then a member of the Board of Directors), in which case more than twelve calendar months from the date that the commission of such act or such omission was or could reasonably have been so known, or

(5) as the result of a continuing course of action which commenced and was or could reasonably have been known to a member of the Board of Directors of the Corporation (other than the Executive, if he is then a member of the Board of Directors) more than twelve calendar months prior to notice having been given to the Executive of the termination of his employment.

(C) Good Reason. The Executive may terminate his employment during the COC Employment Period for Good Reason. For purposes of this Agreement, "Good Reason" shall

mean the occurrence (without the Executive's express written consent) of any of the following events, unless in the case of any act or failure to act described in clauses (1), (2), (3), (4) or (5) below, such act or failure to act is corrected by the Corporation within 30 days after receipt by the Corporation of written notice from the Executive in respect of such event:

(1) Failure to elect or reelect the Executive to the Board of Directors of the Corporation, if the Executive shall have been a member of the Board of Directors on the date of this Agreement or at any time thereafter during the COC Employment Period, or a substantial diminution in the Executive's title(s) or office(s) described in Section 2(A) above and intended to be summarized in Exhibit A to this Agreement, or the removal of Executive from any such positions.

(2) A material change or diminution in the position, duties, responsibilities or status of the Executive that is adversely inconsistent with the position, duties, responsibilities or status attached to the position described in Section 2 above and intended to be summarized in Exhibit A to this Agreement.

(3) The Executive's compensation, annual bonus opportunity or benefit entitlements as in effect immediately prior to the Change of Control or as increased following the Change of Control are reduced.

(4) A breach by the Corporation of any provision of this Agreement not embraced within the foregoing clauses (1), (2) and (3) of this Section 4(C).

(5) The liquidation, dissolution, consolidation or merger of the Corporation or transfer of all or a significant portion of its assets unless a successor or successors (by merger, consolidation or otherwise) to which all or a significant portion of its assets have been transferred shall have assumed all duties and obligations of the Corporation under this Agreement but without releasing the corporation that is the original party to this Agreement;

provided, that in any event set forth in this Section 4(C), the Executive shall have elected to terminate his employment under this Agreement, upon not less than ten and not more than ninety days' advance written notice to the Corporation, attention of the Secretary, given, except in the case of a continuing breach, within three calendar months after (A) failure to be so elected or reelected, or removal, (B) expiration of the 30-day cure period with respect to such event, or (C) the closing date of such liquidation, dissolution, consolidation, merger or transfer of assets, as the case may be. The Executive's mental or physical incapacity following the occurrence of an event described above in clauses (1) through (5) shall not affect the Executive's ability to terminate employment for Good Reason.

An election by the Executive to terminate his employment for Good Reason under the provisions of this Section 4(C) shall not be deemed a voluntary termination of employment by the Executive for the purpose of this Agreement or any plan or practice of the Corporation.

(D) Notice Of Termination. Any termination by the Corporation for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party

hereto given in accordance with Section 14(B) below. For purposes of this Agreement, a "Notice of Termination" means a written notice which

(1) indicates the specific termination provision in this Agreement relied upon,

(2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and

(3) if the Date of Termination (as defined in Section 4(E) below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than fifteen days after the giving of such notice).

(E) Date Of Termination. "Date of Termination" means

(1) if the Executive's employment is terminated by the Corporation for Cause, or by the Executive for Good Reason, the later of (a) the date of receipt of the Notice of Termination or any later date specified therein, as the case may be or (b) the end of any applicable 30-day cure period described in Section 4(C),

(2) if the Executive's employment is terminated by the Corporation other than for Cause or Disability, the Date of Termination shall be the date on which the Corporation notifies the Executive of such termination and

(3) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

5. OBLIGATIONS OF THE CORPORATION UPON TERMINATION.

(A) Termination Other Than For Cause. If, during the COC Employment Period, the Corporation shall terminate the Executive's employment other than for Cause or the Executive shall terminate his employment following a Change of Control for Good Reason (termination in any such case referred to as "Termination") and subject to the Executive entering into and not revoking a release (unless the Corporation determines not to request such release) substantially in the form set forth as Exhibit B hereto:

(1) the Corporation shall pay the Executive in a lump sum in cash within 30 days after the Date of Termination the sum of

(a) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid,

(b) to the extent that Annual Bonus has not been paid to the Executive in respect of the fiscal year in which the Date of Termination occurs, the product of (x) the Executive's target annual bonus in effect under the ACP as of the Date of Termination (which, for purposes of Section 3(J) and notwithstanding any reduction following

the Change of Control Date, shall not be less than the Executive's target annual bonus as of immediately prior to the Change of Control Date) and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365, and

(c) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (a), (b), and (c) shall be hereinafter referred to as the "Accrued Obligations"); and

(2) The Corporation shall pay the Executive in a lump sum in cash within 30 days after the Date of Termination an amount equal to the Executive's Severance Compensation for the period from the Date of Termination until the earlier of (x) the third anniversary of the Date of Termination and (y) the date upon which the Executive attains the age of sixty-five (65) years (the "Termination Period"); provided, however, that such amount would be reduced by any other amounts payable to the Executive in respect of salary or bonus continuation to be received by the Executive under any severance plan, policy or arrangement of the Corporation; and

(3) During the Termination Period, or such longer period as any plan, program, practice or policy may provide, the Corporation shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(D) above if the Executive's employment had not been terminated in accordance with the most favorable plans, practices, programs or policies of the Corporation and its Affiliated Companies as in effect and applicable generally to other senior executives of the Corporation and its Affiliated Companies and their families during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Executive, as in effect at any time thereafter or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other senior executives of the Corporation and its Affiliated Companies and their families or, if more favorable to the Executive, as in effect immediately prior to the Change of Control, if applicable, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the end of the Termination Period and to have retired on the date of the end of the Termination Period. Notwithstanding the foregoing, and for purposes of clarity, solely with respect to Appendix A of the Corporation's Supplemental Benefits Plan, if the Date of Termination is on or prior to December 31, 2009, the Executive shall be considered to have remained employed until the earlier of December 31, 2009 or the end of the Termination Period (such date, the "SERP Retirement Date") and to have retired on the SERP Retirement Date. To the extent that any benefits referred to in this Section 5(A)(3) shall not be pay-

able or provided under any such plan by reason of the Executive's no longer being an employee of the Corporation as the result of Termination, the Corporation shall itself pay, or provide for payment of, such benefits and the service credit for benefits provided for in Section 5(A)(4) below, to the Executive, this dependents and Beneficiary; and

(4) The period from the Date of Termination until the end of the Termination Period shall be considered:

(a) Service with the Corporation for the purpose of continued credits under the employee benefit plans referred to in Section 3(D) above and all other benefit plans of the Corporation applicable to the Executive or his Beneficiary as in effect immediately prior to Termination but prior to any reduction of benefits thereunder as the result of amendment or termination during the COC Employment Period; provided, that, solely with respect to Appendix A of the Corporation's Supplemental Benefits Plan, if the Date of Termination is earlier than December 31, 2009, the Executive shall be considered to have remained employed until the SERP Retirement Date and to have retired on the SERP Retirement Date, and

(b) Employment with the Corporation for purposes of determining payments and other rights in respect of awards made or accrued and award opportunities granted prior to Termination under the executive incentive plans referred to in Section 3(C) above and all other incentive plans of the Corporation in which the Executive was a participant prior to Termination; and

(5) In addition to the severance and other benefits described in Sections 5(a)(1) through 5(a)(4) above, to the extent not theretofore paid or provided, the Corporation shall timely pay or provide to the Executive and/or the Executive's dependents and/or heirs any other amounts or benefits required to be paid or provided to such individuals under any plan, program, policy or practice or contract or agreement of the Corporation and its Affiliated Companies as in effect and applicable generally to other senior executives of the Corporation and its Affiliated Companies and their families during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Executive, as in effect generally thereafter with respect to other senior executives of the Corporation and its Affiliated Companies and their families (such other amounts and benefits shall be referred to below as the "Other Benefits"); and

(6) During the Termination Period, the Corporation shall continue to provide to the Executive the financial, estate and tax planning services that were provided to the Executive during the 90-day period immediately prior to the Change of Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other senior executives of the Corporation and its Affiliated Companies; and

(7) The Corporation shall pay on behalf of Executive the fee of an independent outplacement firm selected by the Executive for outplacement services in an amount equal to the actual fee for such service up to a total of $35,000.

(B) [intentionally left blank]

(C) Cause; Other Than For Good Reason. If the Executive's employment shall be terminated for Cause during the COC Employment Period, the Corporation shall have no further obligations to the Executive under this Agreement other than the obligation to pay the Executive's Annual Base Salary, any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), and accrued vacation pay through the Date of Termination, in each case to the extent not theretofore paid, and any other amounts or benefits to which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation. If the Executive terminates employment during the COC Employment Period, excluding a termination for Good Reason following a Change of Control, the Corporation shall have no further obligations to the Executive, other than to pay the Executive's Annual Base Salary, any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), and accrued vacation pay through the termination date, in each case to the extent not theretofore paid, any other benefits to which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation.

(D) Death Or Disability.

(1) In the event of the death of the Executive during the COC Employment Period, the legal representative of the Executive shall be entitled to the compensation provided for in Sections 3(A) and 3(B) above for the month in which death shall have taken place, at the rate being paid at the time of death, and the COC Employment Period shall be deemed to have ended as of the close of business on the last day of the month in which death shall have occurred but without prejudice to any payments due in respect of the Executive's death.

(2) In the event of the Disability of the Executive during the COC Employment Period, the Executive shall be entitled to the compensation provided for in Sections 3(A) and 3(B) above, at the rate being paid on the Disability Effective Date, for the period of such Disability but not in excess of six months.

The amount of any payments due under this Section 5(D)(2) shall be reduced by any payments to which the Executive may be entitled for the same period because of disability under any disability or pension plan of the Corporation or of any Subsidiary or Affiliate thereof.

(E) Resolution Of Disputes.

(1) Right Of Election By Executive To Arbitrate Or Sue. In the event that the Executive's employment shall be terminated by the Corporation during the COC Employment Period and such termination is alleged to be for Cause, or the Executive's right to terminate his employment under Section 4(C) above shall be questioned by the Corpo-

ration, or the Corporation shall withhold payments or provision of benefits for any other reason, the Executive shall have the right, in addition to all other rights and remedies provided by law, at his election either to seek arbitration within the Toledo, Ohio area under the rules of the American Arbitration Association by serving a notice to arbitrate upon the Corporation or to institute a judicial proceeding, in either case within ninety days after having received notice of termination of his employment or notice in any form that the termination of his employment under Section 4(B) above is subject to question or that the Corporation is withholding or proposes to withhold payments or provision of benefits.

(2) Third-Party Stakeholder. In the event that the Corporation defaults on any obligation set forth in Section 5(A) above, relating to Termination, and shall have failed to remedy such default within thirty (30) days after having received written notice of such default from the Executive, in addition to all other rights and remedies that the Executive may have as a result of such default, the Executive may demand and the Corporation shall thereupon be required to deposit, with the third-party stakeholder hereinafter described, an amount equal to the undiscounted value of any and all undischarged, future obligations of the Corporation under Section 5(A) above and such amount shall thereafter be held, paid, applied or distributed by such third-party stakeholder for the purpose of satisfying such undischarged, future obligations of the Corporation when and to the extent that they become due and payable. Any interest or other income on such amount shall be retained by the third-party stakeholder and applied, if necessary, by it to satisfy such obligations, provided, however, that any interest or other income that is earned on such undischarged, future obligations after the date that the third-party stakeholder determines, in its sole discretion, that such obligations are due and owing to the Executive, shall be paid to the Executive as earned. To the extent not theretofore expended, such amount (including any remaining unexpended interest or other income) shall be repaid to the Corporation at such time as the third-party stakeholder, in its sole discretion, reasonably exercised, determines, upon the advice of counsel and after consultation with the Corporation and the Executive or, in the event of his death, his Beneficiary, that all obligations of the Corporation under Section 5(A) above have been substantially satisfied.

Such amount shall, in the event of any question, be determined jointly by the firm of certified public accountants regularly employed by the Corporation and a firm of certified public accountants selected by the Executive, in each case upon the advice of actuaries to the extent the certified public accountants consider necessary, and, in the event such two firms of accountants are unable to agree on a resolution of the question, such amount shall be determined by an independent firm of certified public accountants selected jointly by both firms of accountants.

The third-party stakeholder, the fees and expenses of which shall be paid by the Corporation, shall be a national or state bank or trust company having a combined capital, surplus and undivided profits and reserves of not less than Ten Million Dollars ($10,000,000) which is duly authorized and qualified to do business in the state in which the Executive resides at the time of such default.

6. NON-EXCLUSIVITY OF RIGHTS.

Except as provided in Sections 5(A)(2), 5(B) and 5(C) above, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Corporation or any of its Affiliated Companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement entered into after the date hereof with the Corporation or any of its Affiliated Companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of, or any contract or agreement entered into after the date hereof with, the Corporation or any of its Affiliated Companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

7. FULL SETTLEMENT.

The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Corporation may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as provided in Section 5(A)(3) above, such amounts shall not be reduced whether or not the Executive obtains other employment.

8. CERTAIN ADDITIONAL PAYMENTS BY THE CORPORATION.

(A) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise Tax, then the Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 8(A), if it shall be determined that the Executive is entitled to the Gross-Up Payment, but that the Parachute Value of all Payments does not exceed 110% of the Safe Harbor Amount, then no Gross-Up Payment shall be made to the Executive and the amounts payable under this Agreement shall be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount. The reduction of the amounts payable hereunder, if applicable, shall be made by first reducing the payments under Section 5(A)(2), unless an alternative method of reduction is elected by the Executive, and in any event shall be made in such a manner as to maximize the Value of all Payments actually made to the Executive. For purposes of reducing the Payments to the Safe Harbor Amount, only amounts payable under this Agreement (and no other Payments) shall be reduced. If the reduction of the amount payable under this Agreement would not result in a reduction of the Parachute Value of all Payments to the Safe Harbor Amount, no amounts payable under the Agreement shall be reduced pursuant to this Section 8(A). The Cor-

poration's obligation to make Gross-Up Payments under this Section 8 shall not be conditioned upon the Executive's termination of employment.

(B) Subject to the provisions of Section 8(C), all determinations required to be made under this Section 8, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Corporation's independent auditors as of the Change of Control or any earlier date of a determination hereunder (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations both to the Corporation and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Corporation. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control or the appointment of the Accounting Firm is not permitted by law, the Executive may appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Corporation. Any Gross-Up Payment, as determined pursuant to this Section 8, shall be paid by the Corporation to the Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Corporation and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Corporation should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event the Corporation exhausts its remedies pursuant to Section 8(C) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Corporation to or for the benefit of the Executive.

(C) The Executive shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than 10 business days after the Executive is informed in writing of such claim. The Executive shall apprise the Corporation of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies the Executive in writing prior to the expiration of such period that the Corporation desires to contest such claim, the Executive shall:

(1) give the Corporation any information reasonably requested by the Corporation relating to such claim,

(2) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Corporation,

(3) cooperate with the Corporation in good faith in order effectively to contest such claim, and

(4) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 8(C), the Corporation shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either pay the tax claimed to the appropriate taxing authority on behalf of the Executive and direct the Executive to sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that, if the Corporation pays such claim and directs the Executive to sue for a refund, the Corporation shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such payment or with respect to any imputed income in connection with such payment; and provided, further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(D) If, after the receipt by the Executive of a Gross-Up Payment or payment by the Corporation of an amount on the Executive's behalf pursuant to Section 8(C), the Executive becomes entitled to receive any refund with respect to the Excise Tax to which such Gross-Up Payment relates or with respect to such claim, the Executive shall (subject to the Corporation's complying with the requirements of Section 8(C), if applicable) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after payment by the Corporation of an amount on the Executive's behalf pursuant to Section 8(C), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Corporation does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then the amount of such payment shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(E) Notwithstanding any other provision of this Section 8, the Corporation may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of any Gross-Up Payment, and the Executive hereby consents to such withholding.

(F) Definitions. The following terms shall have the following meanings for purposes of this Section 8.

(1) "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(2) "Parachute Value" of a Payment shall mean the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2), as determined by the Accounting Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(3) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.

(4) The "Safe Harbor Amount" means 2.99 times the Executive's "base amount," within the meaning of Section 280G(b)(3) of the Code.

(5) "Value" of a Payment shall mean the economic present value of a Payment as of the date of the change of control for purposes of Section 280G of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

9. CONFIDENTIAL INFORMATION.

(A) The Executive agrees not to disclose, either while in the Corporation's employ or at any time thereafter, to any person not employed by the Corporation, or not engaged to render services to the Corporation, except with the prior written consent of an officer authorized to act in the matter by the Board of Directors of the Corporation, any confidential information obtained by him while in the employ of the Corporation, including, without limitation, information relating to any of the Corporation's inventions, processes, formulae, plans, devices, compilations of information, methods of distribution, customers, client relationships, marketing strategies or trade secrets; provided, however, that this provision shall not preclude the Executive from use or disclosure of information known generally to the public or of information not considered confidential by persons engaged in the business conducted by the Corporation or from disclosure required by law or Court order. The agreement herein made in this Section 9(A) shall be in addition to, and not in limitation or derogation of, any obligations otherwise imposed by law upon the Executive in respect of confidential information and trade secrets of the Corporation, its Subsidiaries and Affiliates.

(B) The Executive also agrees that upon leaving the Corporation's employ he will not take with him, without the prior written consent of an officer authorized to act in the matter by the Board of Directors of the Corporation, and he will surrender to the Corporation any record, list, drawing, blueprint, specification or other document or property of the Corporation, its Subsidiaries and Affiliates, together with any copy and reproduction thereof, mechanical or otherwise, which is of a confidential nature relating to the Corporation, its Subsidiaries and Affiliates, or, without limitation, relating to its or their methods of distribution, client relationships, market-

ing strategies or any description of any formulae or secret processes, or which was obtained by him or entrusted to him during the course of his employment with the Corporation.

10. COMPETITION.

(A) The Executive hereby agrees that he will not engage in Competition at any time (i) during the COC Employment Period, (ii) during the thirty-six (36) months immediately following any termination of his employment with the Corporation that is not a Termination and (iii) in the event of a Termination, during the twelve (12) months immediately following the Termination.

(B) The word "Competition" for the purposes of this Agreement shall mean:

(1) taking a management position with or control of a business engaged in the design, development, manufacture, marketing or distribution of products, which constituted 15% or more of the sales of the Corporation and its Subsidiaries and Affiliates during the last fiscal year of the Corporation preceding the termination of the Executive's employment, in any geographical area in which the Corporation, its Subsidiaries or Affiliates is at the time engaging in the design, development, manufacture, marketing or distribution of such products; provided, however, that in no event shall ownership of less than 5% of the outstanding capital stock entitled to vote for the election of directors of a corporation with a class of equity securities held of record by more than 500 persons, standing alone, be deemed Competition with the Corporation within the meaning of this Section 10,

(2) soliciting any person who is a customer of the businesses conducted by the Corporation, or any business in which the Executive has been engaged on behalf of the Corporation and its Subsidiaries or Affiliates at any time during the term of this Agreement on behalf of a business described in clause (i) of this Section 10(B),

(3) inducing or attempting to persuade any employee of the Corporation or any of its Subsidiaries or Affiliates to terminate his employment relationship in order to enter into employment with a business described in clause (i) of this Subsection 10(B), or

(4) making or publishing any statement which is, or may reasonably be considered to be, disparaging of the Corporation or any of its Subsidiaries or Affiliates, or directors, officers, employees or the operations or products of the Corporation or any of its Subsidiaries or Affiliates, except to the extent the Executive, during the COC Employment Period, makes the statement to employees or other representatives of the Corporation or any of its Subsidiaries or Affiliates in furtherance of the Corporation's business and the performance of his services hereunder.

11. SUCCESSORS.

Except as otherwise provided herein,

(A) This Agreement shall be binding upon and shall inure to the benefit of the Executive, his heirs and legal representatives, and the Corporation and its successors as provided in this Section 11.

(B) This Agreement shall be binding upon and inure to the benefit of the Corporation and any successor of the Corporation, including, without limitation, any corporation or corporations acquiring, directly or indirectly, 50% or more of the outstanding securities of the Corporation, or all or substantially all of the assets of the Corporation, whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed embraced within the term "the Corporation" for the purposes of this Agreement), but shall not otherwise be assignable by the Corporation.

12. CERTAIN DEFINITIONS.

The following defined terms used in this Agreement shall have the meanings indicated:

(A) Beneficiary. The term "Beneficiary" as used in this Agreement shall, in the event of the death of the Executive, mean an individual or individuals and/or an entity or entities, including, without limitation, the Executive's estate, duly designated on a form filed with the Corporation by the Executive to receive any amount that may be payable after his death or, if no such individual, individuals, entity or entities has or have been so designated, or is at the time in existence or able to receive any such amount, the Executive's estate.

(B) Change Of Control. A "Change of Control" shall mean the first to occur of any of the following events:

(1) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the Corporation's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with any acquisition pursuant to a transaction that complies with Sections 12(B)(3)(a), 12(B)(3)(b) and 12(B)(3)(c); or

(2) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date of this Agreement, constitute the Board (the "Incumbent Board") and any new director whose appointment or election by the Board or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation, shall not be treated as members of the Incumbent Board; or

(3) there is consummated a merger, reorganization, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any direct

or indirect Subsidiary of the Corporation, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each a "Business Combination"), in each case unless, immediately following such Business Combination, (a) the voting securities of the Corporation outstanding immediately prior to such Business Combination (the "Prior Voting Securities") continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of the Business Combination or any parent thereof) at least 50% of the combined voting power of the securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such Business Combination, (b) no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation or the surviving entity of the Business Combination or any parent thereof (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the securities of the Corporation or surviving entity of the Business Combination or any parent thereof, except to the extent that such ownership existed prior to the Business Combination and (c) at least a majority of the members of the board of directors of the Corporation or the surviving entity of the Business Combination or any parent thereof were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(4) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation.

Notwithstanding the foregoing, any disposition of all or substantially all of the assets of the Corporation pursuant to a spinoff, splitup or similar transaction (a "Spinoff") shall not be treated as a Change of Control if, immediately following the Spinoff, holders of the Prior Voting Securities immediately prior to the Spinoff continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding securities of both entities resulting from such transaction, in substantially the same proportions as their ownership, immediately prior to such transaction, of the Prior Voting Securities; provided, that if another Business Combination involving the Corporation occurs in connection with or following a Spinoff, such Business Combination shall be analyzed separately for purposes of determining whether a Change of Control has occurred;

"Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Corporation or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation.

(C) Change Of Control Date. The "Change of Control Date" shall mean the first date on which a Change of Control occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Corporation is terminated or the Executive ceases to have the position with the Corporation set forth in Section 2(A) above prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination or cessation (i) was at the request of a third party who has taken steps reasonably calculated to effect the Change of Control or (ii) otherwise arose in connection with or anticipation of the Change of Control, then for all purposes of this Agreement the "Change of Control Date" shall mean the date immediately prior to the date of such termination or cessation.

13. AMENDMENT OR MODIFICATION; WAIVER.

No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver shall be authorized by the Board of Directors of the Corporation or any authorized committee of the Board of Directors and shall be agreed to in writing, signed by the Executive and by an officer of the Corporation thereunto duly authorized. Except as otherwise specifically provided in this Agreement, no waiver by either party hereto of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a subsequent breach of such condition or provision or a waiver of a similar or dissimilar provision or condition at the same time or at any prior or subsequent time.

14. MISCELLANEOUS.

(A) This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(B) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: Copy to:

If to the Corporation:
Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615
Attention: Secretary

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(C) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(D) The Corporation may withhold from any amounts payable under this Agreement such Federal, state or local taxes as it determines is required to be withheld pursuant to any applicable law or regulation.

(E) When used herein in connection with plans, programs and policies relating to the Executive, employees, compensation, benefits, perquisites, executive benefits, services and similar words and phrases, the word "Corporation" shall be deemed to include all wholly-owned Subsidiaries of the Corporation.

(F) This instrument contains the entire agreement of the parties concerning the subject matter, and all promises, representations, understandings, arrangements and prior agreements concerning the subject matter are merged herein and superseded hereby, including, without limitation, the agreement between the parties dated December 8, 1997.

(G) No right, benefit or interest hereunder, shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect.

(H) The Executive shall not have any right, title, or interest whatsoever in or to any investments which the Corporation may make to aid it in meeting its obligations under this Agreement.

(I) Subject to the provisions of Section 5(E) above, all payments to be made under this Agreement shall be paid from the general funds of the Corporation and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of amounts payable under this Agreement.

(J) The Corporation and the Executive recognize that each party will have no adequate remedy at law for breach by the other of any of the agreements contained in this Agreement and, in the event of any such breach, the Corporation and the Executive hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of such agreements.

(K) Subject to the provisions of Section 5(E) above, nothing contained in this Agreement shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and the Executive or any other person.

(L) Subject to the provisions of Section 5(E) above, to the extent that any person acquires a right to receive payments from the Corporation under this Agreement, except to the extent provided by law such right shall be no greater than the right of an unsecured general creditor of the Corporation.

(M) In the event of the Executive's death or a judicial determination of his incompetence, reference in this Agreement to the Executive shall be deemed, where appropriate, to refer to his legal representative or, where appropriate, to his Beneficiary.

(N) If any event provided for in this Agreement is scheduled to take place on a legal holiday, such event shall take place on the next succeeding day that is not a legal holiday.

(O) This Agreement is not intended to and shall not infer or imply any right on the part of the Executive to continue in the employ of the Corporation, or any Subsidiary or Affiliate of the Corporation, prior to a Change of Control, and is not intended in any way to limit the right of the Corporation to terminate the employment of the Executive, with or without assigning a reason therefor, at any time prior to a Change of Control. Nor is this Agreement intended to nor shall it require or imply an obligation on the part of the Executive to continue in the employment of the Corporation, or any Subsidiary or Affiliate of the Corporation, prior to a Change of Control. Neither the Corporation nor the Executive shall incur any liability under this Agreement if the employment of the Executive shall be terminated by the Corporation or by the Executive prior to a Change of Control.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, the Corporation have caused this Agreement to be executed as of the day and year first above written.

DANA CORPORATION

By: ________________________________
Chairman of the Compensation Committee

____________________________________
Executive

Exhibit A to Agreement
Made as of December 8, 2003 Between
Dana Corporation and [Name of Executive]

As of December 8, 2003, for purposes of Section 2(A),

The office(s) and title(s) of the Executive are:

Exhibit B To Agreement
Made as of December 8, 2003 Between
Dana Corporation and [Name of Executive]

FORM OF RELEASE AGREEMENT

This Release Agreement ("Release") is entered into as of this ______day of ________, hereinafter "Execution Date", by and between [Executive Full Name] (hereinafter "Executive"), and [Employer Full Name] and its successors and assigns (hereinafter, the "Corporation"). The Executive and the Corporation are sometimes collectively referred to as the "Parties".

1. The Executive's employment with the Corporation is terminated effective [Month, Day, Year] (hereinafter "Termination Date"). The Corporation agrees to provide the Executive the severance benefits provided for in his/her Change of Control Agreement with the Corporation, dated as of [ ] (the "COC Agreement"), after he/she executes this Release and the Release becomes effective pursuant to its terms [FOR 40+ and does not revoke it as permitted in Section 4 below, the expiration of such revocation period being the "Effective Date")].

2. Executive represents that he has not filed, and will not file, any complaints, lawsuits, administrative complaints or charges relating to his employment with, or resignation from, the Corporation[; provided, however, that nothing contained in this Section 2 shall prohibit Executive from bringing a claim to challenge the validity of the ADEA Release in Section 4 herein]. In consideration of the benefits described in Section 1, for himself and his heirs, administrators, representatives, executors, successors and assigns (collectively, "Releasers"), Executive agrees to release the Corporation, its subsidiaries, affiliates, and their respective parents, direct or indirect subsidiaries, divisions, affiliates and related companies or entities, regardless of its or their form of business organization, any predecessors, successors, joint ventures, and parents of any such entity, and any and all of their respective past or present shareholders, partners, directors, officers, employees, consultants, independent contractors, trustees, administrators, insurers, agents, attorneys, representatives and fiduciaries, including without limitation all persons acting by, through, under or in concert with any of them (collectively, the "Released Parties"), from any and all claims, charges, complaints, causes of action or demands relating to his employment or termination of employment that Executive and his Releasers now have or have ever had against the Released Parties, whether known or unknown. This Release specifically excludes claims, charges, complaints, causes of action or demand that (a) post-date the Termination Date, (b) relate to unemployment compensation claims, (c) involve rights to benefits in which Executive is vested as of the Termination Date under any employee benefit plans and arrangements of the Corporation, (d) relate to claims for indemnification by Employee, or (e) involve obligations owed to Executive by the Corporation under the COC Agreement.

3. The Corporation, on its own behalf and on behalf of the Released Parties, hereby releases Executive from all claims, causes of actions, demands or liabilities which arose against the Executive on or before the time it signs this Agreement, whether known or unknown. This Paragraph, however, does not apply to or adversely affect any claims against Executive which allege or involve obligations owed by him to the Corporation under the COC Agree-

ment. The Corporation will indemnify Executive for reasonable attorneys' fees, costs and damages which may arise in connection with any proceeding by the Corporation or any Released Party which is inconsistent with this Release by the Corporation and the Released Parties.

4. [FOR EMPLOYEES OVER 40 ONLY -- In further recognition of the above, Executive hereby voluntarily and knowingly waives all rights or claims that he/she may have against the Released Parties arising under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), other than any such rights or claims that may arise after the date of execution of this Release. Executive specifically agrees and acknowledges that: (A) the release in this Section 4 was granted in exchange for the receipt of consideration that exceeds the amount to which he/she would otherwise be entitled to receive upon termination of his/her employment; (B) he/she has hereby been advised in writing by the Corporation to consult with an attorney prior to executing this Release; (C) the Corporation has given him/her a period of up to twenty-one (21) days within which to consider this Release, which period shall be waived by the Executive's voluntary execution prior to the expiration of the twenty-one day period, and he/she has carefully read and voluntarily signed this Release with the intent of releasing the Released Parties to the extent set forth herein; and (D) following his/her execution of this Release he/she has seven (7) days in which to revoke his/her release as set forth in this Section 4 only and that, if he/she chooses not to so revoke, the Release in this Section 4 shall then become effective and enforceable and the payment listed above shall then be made to him/her in accordance with the terms of this Release. To cancel this Release, Executive understands that he/she must give a written revocation to the General Counsel of the Corporation at [ ]*, either by hand delivery or certified mail within the seven-day period. If he/she rescinds the Release, it will not become effective or enforceable and he/she will not be entitled to any benefits from the Corporation.]

5. If any provision of this Release is held invalid, the invalidity of such provision shall not affect any other provisions of this Release. This Release is governed by, and construed and interpreted in accordance with the laws of the State of [ ], without regard to principles of conflicts of law. Employee consents to venue and personal jurisdiction in the State of [ ] for disputes arising under this Release. This Release represents the entire understanding with the Parties with respect to subject matter herein, and no other inducements or representations have been made or relied upon by the Parties. This Release shall be binding upon and inure to the benefit of Employee, his heirs and legal representatives, and the Corporation and its successors as provided in this Section 5. Any modification of this Release must be made in writing and be signed by Executive and the Corporation.

- ---------------------

* Insert address.

ACCEPTED AND AGREED TO:

| ______________________________ | ___________________________________ |
| --- | --- |
| [Employer Full Name] | [Employee Full Name] |
| Dated:_____________________________ | Dated:______________________________ |

Exhibit 10-H(1)

# FIRST AMENDMENT TO THE DANA CORPORATION SUPPLEMENTAL BENEFITS PLAN

Pursuant to resolutions of the Board of Directors adopted on October 21, 2003, the Dana Corporation Supplemental Benefits Plan (the "Plan") is hereby amended, effective as of December 8, 2003, as set forth below.

1. Section 1.3 of the Plan is amended by deleting the definition of "Change in Control" and replacing it in its entirety as follows:

1.3 "Change in Control" shall mean the first to occur of any of the following events:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with any acquisition by any corporation pursuant to a transaction that complies with clauses (1), (2) and (3) of paragraph (c) below; or

(b) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on December 8, 2003, constitute the Board (the "Incumbent Board") and any new director whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on December 8, 2003 or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company, shall not be treated as a member of the Incumbent Board; or

(c) there is consummated a merger, reorganization, statutory share exchange or consolidation or similar corporate transaction involving the Company or any direct or indirect subsidiary of the Company, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each a "Business Combination"), in each case unless, immediately following such Business Combination, (1) the voting securities of the Company outstanding immediately prior to such Business Combination (the "Prior Voting Securities") continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of the Business Combination or any parent thereof) at least 50% of the combined voting power of the

securities of the Corporation or such surviving entity or parent thereof outstanding immediately after such Business Combination, (2) no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company or the surviving entity of the Business Combination or any parent thereof (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the securities of the Corporation or surviving entity of the Business Combination or the parent thereof, except to the extent that such ownership existed immediately prior to the Business Combination and (3) at least a majority of the members of the board of directors of the Corporation or the surviving entity of the Business Combination or any parent thereof were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, any disposition of all or substantially all of the assets of the Company pursuant to a spinoff, splitup or similar transaction (a "Spinoff") shall not be treated as a Change in Control if, immediately following the Spinoff, holders of the Prior Voting Securities immediately prior to the Spinoff continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding securities of both entities resulting from such transaction, in substantially the same proportions as their ownership, immediately prior to such transaction, of the Prior Voting Securities; provided, that if another Business Combination involving the Corporation occurs in connection with or following a Spinoff, such Business Combination shall be analyzed separately for purposes of determining whether a Change in Control has occurred.

For purposes of this definition of "Change in Control," the following terms shall have the following meanings:

"Affiliate" shall mean a corporation or other entity which is not a Subsidiary and which directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company. For the purpose of this definition, the terms "control," "controls" and "controlled" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a corporation or other entity, whether through the ownership of voting securities, by contract or otherwise.

"Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Corporation or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of

such securities or (iv) a corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation.

"Subsidiary" shall mean a corporation or other entity, of which 50% or more of the voting securities or other equity interests is owned directly, or indirectly through one or more intermediaries, by the Company.

2. Section 4.7(a) of the Plan is deleted in its entirety and replaced by the following:

> (a) LUMP SUM PAYMENT. Upon the occurrence of a Change in Control, (i) each Employee, (ii) each former Employee and (iii) each Employee's spouse or beneficiary following his death who is receiving benefits under the Plan (each, a "Recipient") shall receive, on account of future payments of any and all benefits due under the Plan, a Lump Sum Payment, so that each such Employee, former Employee or Recipient will receive substantially the same amount of after-tax income as before the Change of Control, determined as set forth in paragraph (c) of this Section 4.7.

3. The following sentence is inserted at the end of Section 4.7(c) of the Plan:

The date of the Change in Control shall be treated as the date of retirement for each Employee who would otherwise be eligible for retirement as of such date for purposes of calculating the Lump Sum Payment.

4. A new sentence is added at the end of the Plan:

The first Amendment to the Plan is effective as of December 8, 2003.

In Witness Whereof, Dana Corporation has adopted this amendment.

DANA CORPORATION

By: /s/ R. B. Priory
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Chairman of the Compensation
Committee of the Board of Directors

ATTEST

/s/ R. W. Spriggle
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Exhibit 10-I(1)

# FIRST AMENDMENT TO THE DANA CORPORATION AMENDED AND RESTATED 1999 RESTRICTED STOCK PLAN

Pursuant to resolutions of the Board of Directors adopted on October 21, 2003, the Dana Corporation Amended and Restated 1999 Restricted Stock Plan (the "Plan") is hereby amended, effective as of December 8, 2003, as set forth below.

1. Section 2 of the Plan is amended by adding the following definition of "Change of Control" to the end of such Section:

"Change of Control" shall mean the first to occur of any of the following events:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the Corporation's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with any acquisition by any corporation pursuant to a transaction that complies with clauses (1), (2) and (3) of paragraph (c) below; or

(b) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on December 8, 2003, constitute the Board (the "Incumbent Board") and any new director whose appointment or election by the Board or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on December 8, 2003 or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation, shall not be treated as a member of the Incumbent Board; or

(c) there is consummated a merger, reorganization, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any direct or indirect subsidiary of the Corporation, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each a "Business Combination"), in each case unless, immediately following such Business Combination, (1) the voting securities of the Corporation outstanding immediately prior to such Business Combination (the "Prior Voting Securities") continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of the Business Combination or any parent thereof) at least 50% of the combined voting power of the securities of the Corporation or such surviving entity or parent thereof

outstanding immediately after such Business Combination, (2) no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation or the surviving entity of the Business Combination or any parent thereof (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the securities of the Corporation or surviving entity of the Business Combination or the parent thereof, except to the extent that such ownership existed immediately prior to the Business Combination and (3) at least a majority of the members of the board of directors of the Corporation or the surviving entity of the Business Combination or any parent thereof were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation.

Notwithstanding the foregoing, any disposition of all or substantially all of the assets of the Corporation pursuant to a spinoff, splitup or similar transaction (a "Spinoff") shall not be treated as a Change of Control if, immediately following the Spinoff, holders of the Prior Voting Securities immediately prior to the Spinoff continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding securities of both entities resulting from such transaction, in substantially the same proportions as their ownership, immediately prior to such transaction, of the Prior Voting Securities; provided, that if another Business Combination involving the Corporation occurs in connection with or following a Spinoff, such Business Combination shall be analyzed separately for purposes of determining whether a Change of Control has occurred.

For purposes of this definition of "Change of Control," the following terms shall have the following meanings:

"Affiliate" shall mean a corporation or other entity which is not a Subsidiary and which directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Corporation. For the purpose of this definition, the terms "control," "controls" and "controlled" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a corporation or other entity, whether through the ownership of voting securities, by contract or otherwise.

"Beneficial Owner" or "Beneficially Owned" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Corporation or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the stockholders of

the Corporation in substantially the same proportions as their ownership of stock of the Corporation."

2. Section 6 of the Plan is amended by adding the following at the end of sub-paragraph (c) of such Section:

> Notwithstanding the provisions of Sections 6 or 9, unless otherwise determined by the Committee pursuant to a grant made after the First Amendment Date, upon the occurrence of a Change of Control, Restricted Stock and Units subject to time-based vesting or payment conditions shall be treated as follows: (i) if (A) all of the Stock held by stockholders of the Corporation is converted into cash pursuant to a Change of Control transaction or (B) if the surviving entity in a Change of Control transaction does not assume outstanding awards of Restricted Stock or Units subject to time-based vesting and convert such Restricted Stock and Units into awards based on its securities pursuant to Section 11 with the same vesting conditions as in effect immediately prior to the Change of Control, all of such awards shall vest or become immediately due and payable upon the Change of Control; and (ii) if the provisions of clause (i) above are not applicable upon the Change of Control transaction, (x) a pro rata portion (the fraction obtained by dividing the number of months from the beginning of the vesting period through the date of the Change of Control by the number of whole months in the vesting period) of the award shall vest upon the Change of Control and (y) the remaining portion of the award shall be adjusted pursuant to Section 11, if applicable, and shall continue to vest in accordance with its terms; provided, however, that such remaining portion of the award held by a Participant will vest or become immediately due and payable upon a termination of the Participant's employment for Good Reason or without Cause (as such terms are defined in the Participant's applicable Change in Control Agreement or, if the Participant is not a party to a Change of Control Agreement, as such terms are defined in the Change of Control Severance Plan (notwithstanding that the Participant does not participate in the Change of Control Severance Plan)). Unless otherwise determined by the Committee, the form of payment in settlement of such awards shall be made in the same form as that applicable to the stockholders of the Corporation in connection with the Change of Control transaction, provided that if the event constituting the Change of Control does not involve payment to such stockholders, the settlement of Units shall be made in cash.

3. A new Section 17 of the Plan shall be added at the end of the Plan as follows:

> 17. The First Amendment to the Plan is effective as of December 8, 2003 (the "First Amendment Date").

In Witness Whereof, Dana Corporation has adopted this amendment.

DANA CORPORATION

By: /s/ R. B. Priory

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Chairman of the Compensation Committee of the Board of Directors

ATTEST

/s/ R. W. Spriggle

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Exhibit 10-L

# DANA CORPORATION

# CHANGE OF CONTROL

# SEVERANCE PLAN

# DANA CORPORATION CHANGE OF CONTROL SEVERANCE PLAN

## INTRODUCTION

This Dana Corporation Change of Control Severance Plan is designed to provide Change of Control (as defined in Section I(e)) protection through salary continuation and benefits for certain designated employees (a) who are active employees of Dana Corporation or any of its subsidiaries or divisions on the date immediately preceding the date on which a Change of Control occurs and (b) whose employment is terminated in a Qualifying Termination (as defined in Section I(l)). Designated Employees (each a "Designated Employee") shall be those salaried employees of the Company or any subsidiary or division of the Company who are identified on a list, which may be amended from time to time prior to an event constituting a Change of Control (subject to the provisions of Article III), maintained by the Vice President -- Human Resources of the Company (the "Designated Employee List"), a copy of which is attached hereto a Schedule I. The Designated Employee List shall define each Designated Employee as a Tier 2 Employee, Tier 3 Employee, Tier 4 Employee, or Corporate Staff Employee (each as defined in Section II(b)). Schedule II hereto shall set forth a list of Company executives who are parties to individual change of control agreements with the Company (the "Tier 1 Employees"). The Tier 1 Employees shall not be entitled to participate in this Plan or receive benefits or payments hereunder. A Designated Employee who incurs a Qualifying Termination will be entitled to receive thirty (30) days written notice prior to the date of termination, and will be paid through such notice period an amount based on the higher of such Designated Employee's annual base salary in effect on the date that the Change of Control occurs or on the date the notice period begins. A Designated Employee will also be entitled to be paid a severance benefit determined under Section II(b) below in a lump sum within thirty (30) days following the Designated Employee's Termination Date (as defined in Section II(c)) and to the benefits set forth in Section II(c) below. A Designated Employee shall cease to participate in the Plan upon the earlier of (i) following a Qualifying Termination, his or her receipt of all of the payments, if any, to which he or she is or becomes entitled under the terms of this Plan and the terms of any notice or agreement issued by the Company with respect to his or her participation hereunder, or (ii) the termination of his or her employment with the Company under circumstances not requiring payments under the terms of this Plan.

## ARTICLE I
## DEFINITIONS

As used herein the following words and phrases shall have the following respective meanings unless the context clearly indicates otherwise.

(a) "Affiliate" shall mean a corporation or other entity which is not a subsidiary of the Company and which directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company. For the purpose of this definition, the terms "control", "controls" and "controlled" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a

corporation or other entity, whether through the ownership of voting securities, by contract, or otherwise.

(b) "Beneficial Owner" or "Beneficially Owned" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

(c) "Board" shall mean the board of directors of the Company.

(d) "Cause" shall mean a Designated Employee's (i) conviction of, or plea of guilty or nolo contendere to, the charge of having committed a felony or any other criminal charge involving moral turpitude (whether or not such conviction is later reversed for any reason), (ii) commission by a Designated Employee of fraud against, or misappropriation of significant property belonging to, the Company, unless such action is neither willful nor injurious to the Company or any of its subsidiaries, (iii) willful misconduct materially injurious to the Company or any of its subsidiaries or (iv) continuing failure to perform the Designated Employee's duties to the Company following written notice of such failure. The Plan Administrator shall make the determination as to whether the termination is for Cause and such determination shall be binding, final and conclusive on all concerned.

(e) "Change of Control" shall mean the first to occur of any of the following events:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with any acquisition by any corporation pursuant to a transaction that complies with Sections I(e)(iii)(A), I(e)(iii)(B) and I(e)(iii)(C); or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the Effective Date, constitute the Board (the "Incumbent Board") and any new director whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company, shall not be treated as a member of the Incumbent Board; or

(iii) there is consummated a merger, reorganization, statutory share exchange or consolidation or similar corporate transaction involving the Company

or any direct or indirect subsidiary of the Company, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each a "Business Combination"), in each case unless, immediately following such Business Combination, (A) the voting securities of the Company outstanding immediately prior to such Business Combination (the "Prior Voting Securities") continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of the Business Combination or any parent thereof) at least 50% of the combined voting power of the securities of the Company or such surviving entity or parent thereof outstanding immediately after such Business Combination, (B) no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company or the surviving entity of the Business Combination or any parent thereof (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the securities of the Company or surviving entity of the Business Combination or the parent thereof, except to the extent that such ownership existed immediately prior to the Business Combination and (C) at least a majority of the members of the board of directors of the Company or the surviving entity of the Business Combination or any parent thereof were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, any disposition of all or substantially all of the assets of the Company pursuant to a spinoff, splitup or similar transaction (a "Spinoff") shall not be treated as a Change of Control if, immediately following the Spinoff, holders of the Prior Voting Securities immediately prior to the Spinoff continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding securities of both entities resulting from such transaction, in substantially the same proportions as their ownership, immediately prior to such transaction, of the Prior Voting Securities; provided, that if another Business Combination involving the Company occurs in connection with or following a Spinoff, such Business Combination shall be analyzed separately for purposes of determining whether a Change of Control has occurred;

(f) "Company" shall mean Dana Corporation and any successor of Dana Corporation.

(g) "Disability" shall mean the absence of a Designated Employee from the Designated Employee's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and

permanent by a physician selected by the Company or its insurers and reasonably acceptable to the Designated Employee or the Designated Employee's legal representative.

(h) "Effective Date" shall mean December 8, 2003.

(i) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(j) "Good Reason" shall mean, with respect to any Designated Employee (provided, that Section I(j)(i) shall not be applicable to Corporate Staff Employees), without the express written consent of the Designated Employee, unless in the case of any act or failure to act described in clauses (i), (ii), (iii) or (iv) below, such act or failure to act is corrected by the Corporation within 30 days after receipt by the Corporation of written notice from the Designated Employee in respect of such event:

(i) a material change or diminution in the position, duties, responsibilities or status of the Designated Employee that is adversely inconsistent with the Designated Employee's positions, duties, responsibilities or status with the Company as in effect immediately prior to the Change of Control, or a substantial diminution in the Designated Employee's titles or offices as in effect immediately prior to the Change of Control or the removal of the Designated Employee from any of such positions; provided, however, that notwithstanding the foregoing, in no event shall a termination of employment pursuant to this Section I(j)(i) be considered to be for "Good Reason" if, (x) such assignment, action or change results from the Designated Employee's termination of employment for Cause, or from the Designated Employee's Disability or death or (y) at the time of the termination, the Designated Employee shall have had a position with a title, level of duties and responsibilities substantially similar to the Designated Employee's title, duties and responsibilities immediately prior to the Change of Control (disregarding any changes as a result of the Company no longer being publicly traded or becoming a subsidiary, and any changes to conform titles to those of equivalent positions in an affiliate of the Company);

(ii) either the compensation or benefit entitlements of the Designated Employee as in effect immediately prior to the Change of Control or as increased following the Change of Control is substantially reduced;

(iii) any failure by the Company to obtain an express written assumption of this Plan from any successor to or assign of the Company; or

(iv) the Company requires the Designated Employee to be based more than fifty (50) miles from the location where the Designated Employee is principally employed immediately prior to the Change of Control, except for required travel on the Company's business to an extent substantially consistent with the Designated Employee's business travel obligations in ef-

fect immediately prior to the Change of Control;

provided, that in any event set forth in this Section 1(j), the Designated Employee shall have elected to terminate his or her employment upon not less than ten and not more than ninety days' advance written notice to the Company, attention of the Secretary, given, except in the case of a continuing breach, within three calendar months after (A) removal or (B) expiration of the 30-day cure period with respect to such event, as the case may be. The Designated Employee's mental or physical incapacity following the occurrence of an event described above in clauses (i) through (iv) shall not affect the Designated Employee's ability to terminate employment for Good Reason. The Designated Employee shall not be deemed to have waived a claim of Good Reason as a result of the passage of no more than 180 days between the Designated Employee's knowledge of the occurrence of the event which would constitute Good Reason and the assertion of such claim.

(k) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(l) "Qualifying Termination" means, during the term of the Plan, the termination of a Designated Employee's employment by the Designated Employee for Good Reason or by the Company other than for Cause or death or Disability during the period that begins on the date of a Change of Control and ends on the second anniversary of the Change of Control (the "CIC Protection Period").

## ARTICLE II
## SEVERANCE FOR DESIGNATED EMPLOYEES

(a) If there is an event constituting a Change of Control of the Company each Designated Employee will have a contractual right against the Company to the benefits provided within this Plan under the conditions and according to the exceptions specified herein. Notwithstanding the foregoing, Tier 2 Employees shall have no right to benefits under this Plan unless they execute and do not revoke the Release and Covenant Agreement set forth as Exhibit A hereto, and all other Designated Employees shall have no right to benefits unless they execute and do not revoke the Release Agreement set forth as Exhibit B hereto.

(b) The entitled separation payment to a Designated Employee who incurs a Qualifying Termination (the "Separation Payment") is set forth in the table below in this Section II(b) and is based on the greater of the annual base salary of the Designated Employee in effect as of (i) the date that the Change of Control occurs or (ii) the date of the Designated Employee's Qualifying Termination (the "Annual Salary") and, if applicable, the target annual bonus in effect for such Designated Employee under the Company's Additional Compensation Plan (or

any successor plan) or such other Company annual bonus plan (the "Company Bonus Plan") in which such designated employee participates as of the date of the Designated Employee's Qualifying Termination or, if more beneficial to the Designated Employee, on the date of the Change of Control (the "Target Bonus"), as indicated on the following table, based on a Designated Employee's "Designated Employee Category:"

| DESIGNATED EMPLOYEE CATEGORY | SEVERANCE FORMULA (SEVERANCE PERIOD) |
|---|---|
| Designated Employees who have high level responsibility at the Company, generally including members of the Company's World Operating Committee (the "Tier 2 Employees") | Two times the sum of the Tier 2 Employee's Annual Salary and Target Bonus, but not for a severance period beyond age 65. |
| Designated Employees who may generally include General Managers of the Company or members of the Company's senior corporate staff (the "Tier 3 Employees") | One and one-half (1.5) times the sum of the Tier 3 Employee's Annual Salary and Target Bonus, but not for a severance period beyond age 65. |
| Designated Employees whose duties are deemed critical to the short-term success of the Company (the "Tier 4 Employees") | One times the sum of the Tier 4 Employee's Annual Salary and Target Bonus, but not for a severance period beyond age 65. |
| Designated Employees who are members of the Company's corporate staff (the "Corporate Staff Employees") | An amount equal to the Corporate Staff Employee's monthly base salary, times the number of months set forth on Schedule III hereto, but not for a severance period beyond age 65. |

To the extent that an annual short-term incentive bonus from the Company Bonus Plan has not been paid to a Designated Employee in respect of the fiscal year of his or her Qualifying Termination, the Designated Employee shall be entitled to a lump sum bonus payment in cash equal to the product of (x) the Designated Employee's Target Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the date of the Designated Employee's Qualifying Termination, and the denominator of which is 365.

Notwithstanding anything to the contrary in this Plan, following a Qualifying Termination of a Designated Employee, the Designated Employee shall be entitled to elect to receive either (A) the Separation Payment and the benefits provided in Article II and any other benefits provided under this Plan or (B) the payments and benefits to which the Designated Employee would otherwise be entitled under the severance payment schedule under the Company's Income Protection Plan, treating such Qualifying Termination as if it entitled the Designated Employee to severance under the Income Protection Plan. An election to receive benefits under clause (A)

above shall constitute a waiver of the Designated Employee's right to receive benefits under clause (B) above, and an election to receive benefits under clause (B) above shall constitute a waiver of the Designated Employee's right to receive benefits under clause (A) above. Except as described above, Designated Employees shall not be entitled to receive payments and benefits under the Company's Income Protection Plan following a Qualifying Termination. The Separation Payments provided for in this Article II shall be reduced (but not below zero) by the amount of any severance provided for by any other written employment, change of control, severance, consulting or similar agreement or plan to which a Designated Employee is a party or in which the Designated Employee participates (a "Severance Arrangement"), and this Plan shall not be construed to duplicate any benefits provided to a Designated Employee pursuant to a Severance Arrangement.

(c) Provisions under Benefit Plans. Designated Employees who incur a Qualifying Termination (and their qualifying dependents) will continue to be provided the benefits (at a level consistent with that provided to active employees) listed below in this Section III(c), subject to the payment of any required employee contributions consistent with those required of active employees of the Company and its Affiliates, during the period that begins immediately following the date of the Designated Employee's Qualifying Termination (the "Termination Date") and ends (i) on the second anniversary thereof, in the case of Tier 2 Employees, (ii) on the date that is 18 months after the Termination Date, in the case of Tier 3 Employees, (iii) on the first anniversary of the Termination Date, in the case of Tier 4 Employees and (iv) in the case of Corporate Staff Employees, on the date that is a number of months after the Termination Date equal to the number of months of salary continuation to which such Corporate Staff Employee is entitled pursuant to the provisions of Article II (as set forth on Schedule III); provided, however, that in each case the coverage of a specific benefit will end when similar coverage is available to the Designated Employee through other employment:

1. Medical Insurance Plans.

2. Prescription Drug Plan.

3. Dental Insurance Plan.

4. Basic Life Insurance coverage in the amount in effect at the time of separation rounded to nearest $1,000 multiple.

5. In addition, the Company shall, in the discretion of the Plan Administrator, (i) reimburse the Designated Employee for or (ii) pay directly to a third-party service provider selected by the Plan Administrator, the Designated Employee's reasonable costs of outplacement services, subject to the maximum amount set forth in the table below:

| Designated Employee Category | Maximum Benefit |
|---|---|
| Tier 2 Employees | $25,000 |
| Tier 3 Employees | $25,000 |
| Tier 4 Employees | $15,000 |
| Corporate Staff Employees | Group program consistent with the Company's latest past practice as of prior to the Change of Control. |

6. Employee Assistance Program.

To the extent applicable, the Designated Employee will be entitled to receive COBRA continuation health coverage benefits after the conclusion of the coverage set forth above.

(d) Certain Additional Payments by the Company.

(i) Anything in this Plan to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment by the Company to or for the benefit of any Tier 2 Employee would be subject to the Excise Tax, then the Tier 2 Employee shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount such that, after payment by the Tier 2 Employee of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Tier 2 Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section II(d)(i), if it shall be determined that the Tier 2 Employee is entitled to the Gross-Up Payment, but that the Parachute Value of all Payments does not exceed 110% of the Safe Harbor Amount, then no Gross-Up Payment shall be made to the Tier 2 Employee and the amounts payable under this Agreement shall be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount. The reduction of the amounts payable hereunder, if applicable, shall be made by first reducing the payments under Section II(b), unless an alternative method of reduction is elected by the Tier 2 Employee, and in any event shall be made in such a manner as to maximize the Value of all Payments actually made to the Executive. For purposes of reducing the Payments to the Safe Harbor Amount, only amounts payable under this Plan (and no other Payments) shall be reduced. If the reduction of the amount payable under this Plan would not result in a reduction of the Parachute Value of all Payments to the Safe Harbor Amount, no amounts payable under the Plan shall be reduced pursuant to this Section II(d)(i). The Company's obligation to make Gross-Up Payments under this Section II(d) shall not be conditioned upon the Tier 2 Employee's termination of employment.

(ii) Subject to the provisions of subsection (iii) hereof, all determinations required to be made under this Section II(d), including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by PricewaterhouseCoopers (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations both to the Company and the Tier 2 Employee within 15 business days of the receipt of notice from the Tier 2 Employee that there has been a Payment or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control or the appointment of the Accounting Firm is not permitted by law, the Company shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section II(d), shall be paid by the Company to the Tier 2 Employee within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Tier 2 Employee. As a result of the uncertainty in the application of Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Company should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event the Company exhausts its remedies pursuant to Section II(d)(iii) and the Tier 2 Employee thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Tier 2 Employee.

(iii) The Tier 2 Employee shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Tier 2 Employee knows of such claim. The Tier 2 Employee shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Tier 2 Employee shall not pay such claim prior to the expiration of the thirty day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Tier 2 Employee in writing prior to the expiration of such period that it desires to contest such claim, the Tier 2 Employee shall:

(A) give the Company any information reasonably requested by the Company relating to such claim,

(B) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(C) cooperate with the Company in good faith in order effectively to contest such claim, and

(D) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Tier 2 Employee harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this subsection (iii), the Company shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either pay the tax claimed to the appropriate taxing authority on behalf of the Tier 2 Employee and direct the Tier 2 Employee to sue for a refund or contest the claim in any permissible manner, and the Tier 2 Employee agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that, if the Company pays such claim and directs the Tier 2 Employee to sue for a refund, the Company shall indemnify and hold the Tier 2 Employee harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such payment or with respect to any imputed income in connection with such payment; and provided, further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Tier 2 Employee with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and the Tier 2 Employee shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(iv) If, after the receipt by the Tier 2 Employee of a Gross-Up Payment or payment by the Company of an amount on the Tier 2 Employee's behalf pursuant to Section II(d)(iii), the Tier 2 Employee becomes entitled to receive any refund with respect to the Excise Tax to which such Gross-Up Payment relates or with respect to such claim, the Tier 2 Employee shall (subject to the Company's complying with the requirements of Section II(d)(iii), if applicable) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after payment by the Company of an amount on the Tier 2 Employee's behalf pursuant to Section II(d)(iii), a determination is made that the Tier 2 Employee shall not be entitled to any refund with respect to such claim and the Company does not notify the Tier 2 Employee in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then the amount of such payment shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(v) Notwithstanding any other provision of this Section II(d), the Company may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any

other applicable taxing authority, for the benefit of the Tier 2 Employee, all or any portion of any Gross-Up Payment, and the Tier 2 Employee hereby consents to such withholding.

(e) Reduction of Certain Payments.

(i) With respect to Designated Employees other than Tier II Employees, anything in this Plan to the contrary notwithstanding, in the event the Accounting Firm shall determine that receipt of all Payments would subject the Designated Employee to Excise Tax, the Accounting Firm shall determine whether to reduce the Plan Payments to the Reduced Amount. The Plan Payments shall be reduced to the Reduced Amount only if the Accounting Firm determines that the Designated Employee would have a greater Net After Tax Receipt of aggregate Payments if the Designated Employee's Plan Payments were reduced to the Reduced Amount. If such a determination is not made, the Designated Employee shall receive all Plan Payments to which he or she is entitled under this Plan.

(ii) If the Accounting Firm determines that aggregate Plan Payments should be reduced to the Reduced Amount, the Company shall promptly give the Designated Employee notice to that effect and a copy of the detailed calculation thereof, and the Designated Employee may then elect, in his or her sole discretion, which and how much of the Plan Payments shall be eliminated or reduced (as long as after such election the Present Value of the aggregate Plan Payments equals the Reduced Amount), and shall advise the Company in writing of his or her election within ten days of his or her receipt of notice. If no such election is made by the Designated Employee within such ten-day period, the Company may elect which of such Plan Payments shall be eliminated or reduced (as long as after such election the Present Value of the aggregate Plan Payments equals the Reduced Amount) and shall notify the Designated Employee promptly of such election. All determinations made by the Accounting Firm under this Section II(e) and shall be binding upon the Company and the Designated Employee and shall be made within 60 days of a termination of employment of the Designated Employee. As promptly as practicable following such determination, the Company shall pay to or distribute for the benefit of the Designated Employee such Plan Payments as are then due to the Designated Employee under this Plan and shall promptly pay to or distribute for the benefit of the Designated Employee in the future such Plan Payments as become due to the Designated Employee under this Plan.

(f) Definitions. The following terms shall have the following meanings for purposes of Sections II(d) and (e) and this Section II(f):

(A) "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(B) "Net After-Tax Receipt" shall mean the Present Value of a Payment net of all taxes imposed on the Designated Employee with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest

marginal rate under Section 1 of the Code and under state and local laws which applied to the Designated Employee's taxable income for the immediately preceding taxable year, or such other rate(s) as the Designated Employee shall certify, in the Designated Employee's sole discretion, as likely to apply to the Designated Employee in the relevant tax year(s);

(C) "Parachute Value" of a Payment shall mean the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2), as determined by the Accounting Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(D) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Designated Employee, whether paid or payable pursuant to this Plan or otherwise.

(E) "Plan Payment" shall mean a Payment paid or payable pursuant to this Plan (disregarding this Section).

(F) "Present Value" shall mean such value determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of Code;

(G) "Reduced Amount" shall mean the greatest amount of Plan Payments which can be paid pursuant to Section 2(e)(i) above that would not result in the imposition of Excise Tax if the Accounting Firm determines to reduce Plan Payments pursuant to such Section;

(H) The "Safe Harbor Amount" means 2.99 times the Executive's "base amount," within the meaning of Section 280G(b)(3) of the Code.

(I) "Value" of a Payment shall mean the economic present value of a Payment as of the date of the change of control for purposes of Section 280G of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

ARTICLE III
AMENDMENT AND TERMINATION; TERM

(a) Amendment and Termination. This Plan shall not be amended in anticipation of or in conjunction with the occurrence of a Change of Control or at any time following a Change of Control in any manner that would adversely affect the rights of Designated Employees under the Plan. Subject to the foregoing sentence, the Company shall have the right at any time, in its discretion, to amend the Plan, in whole or in part, or to terminate the Plan, except that no amendment or termination shall impair or diminish the obligations of the Company to any Designated Employee or the rights of any Designated Employee under the Plan under any notices or agreements previously issued pursuant to the Plan. No Designated Employee shall be entitled to receive any payments hereunder as a result of any termination of employment following the end of the CIC Protection Period.

(b) Term of the Plan. (i) This Plan shall remain in effect until the close of business on December 31, 2004, at which time it will terminate unless (A) the Plan's term has been extended by the Board or (B) a Change of Control has occurred on or prior to such date.

(ii) Notwithstanding anything to the contrary herein, the Plan shall not terminate or be terminated, by action of the Board or otherwise, but shall remain in effect after a Change of Control until all payments and benefits to Designated Employees who have incurred Qualifying Terminations have been made.

ARTICLE IV
ADMINISTRATION

(a) Administration of the Plan. The Plan shall be administered by the Company or its designee as shall be designated from time to time (the "Plan Administrator"), provided that in the event of an impending Change of Control, the Plan Administrator shall appoint a person or persons who are (i) independent of the Company, (ii) independent of persons operating under the Company's control and (iii) independent of persons operating on the Company's behalf to be the Plan Administrator effective upon the occurrence of a Change of Control, and such Plan Administrator shall not be removed following a Change of Control. If such person determines in his or her discretion to no longer be the Plan Administrator following a Change of Control, the Company shall appoint a successor Plan Administrator independent of the Company or persons operating within its control or on its behalf. The Plan Administrator shall have authority to delegate responsibility for the operation and administration of the Plan. Subject to the express provisions of the Plan, including without limitation Article III above, and the rights of Participants pursuant thereto, the Plan Administrator shall have discretionary authority to (i) adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as the Plan Administrator shall, from time to time, deem advisable; (ii) resolve all questions or ambiguities relating to the interpretation and application of the Plan (and any notices or agreements relating thereto); (iii) make eligibility and benefit determinations under the Plan, including any factual determinations relevant thereto; and (iv) otherwise supervise the administration of the Plan in

accordance with the terms hereof. The decision of the Administrator upon all matters within the scope of its authority shall be conclusive and binding on all parties.

(b) Indemnification of Plan Administrator. In addition to such other rights of indemnification applicable to the Plan Administrator, the Plan Administrator shall be indemnified by the Company against the reasonable expenses, including attorney's fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which the Plan Administrator may be a party by reason of any action taken or failure to act under or in connection with the Plan, and against all amounts paid by the Plan Administrator in settlement thereof (provided such settlement is approved by the Board of Directors of the Company) or paid by the Plan Administrator in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be determined in such action, suit or proceeding that the Plan Administrator has acted in bad faith; provided, however, that within sixty (60) days after receipt of notice of institution of any such action, suit or proceeding, the Plan Administrator shall offer the Company in writing the opportunity, at its own cost, to handle and defend the same.

## ARTICLE V
## MISCELLANEOUS

(a) Legal Fees. The Company shall pay all reasonable legal fees and disbursements (if any) incurred by or on behalf of any Designated Employee in connection with claims or disputes under this Plan, if the Designated Employee is the prevailing party on any material issue in any such dispute. The reimbursement shall be made as soon as practicable following the resolution of such claim or dispute to the extent that the Company receives reasonable written evidence of such fees and expenses.

(b) Resolution of Disputes; Choice of Forum. The parties agree that any dispute, controversy or claim arising out of or relating to this Plan shall be resolved by final and binding arbitration, enforceable under the Federal Arbitration Act, administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. All such disputes, controversies or claims shall be determined by a panel of three arbitrators selected in accordance with the rules of the American Arbitration Association and the arbitration shall be conducted in the City of Toledo, State of Ohio. The provisions of Section V(a) shall apply to disputes submitted to arbitration, provided that the Company shall be responsible for all expenses of the arbitration proceeding. This Section V(b) shall, along with Section V(a), survive the termination of this Plan for any reason.

(c) Benefit of Plan. The Plan shall be binding upon and shall inure to the benefit of the Designated Employees, their heirs and legal representatives, and the Company and its successors. The term "successor" shall mean any person, firm, corporation or other business entity that, at any time, whether by merger, acquisition or otherwise, acquires all or substantially all of the stock, assets or business of the Company.

In Witness Whereof, Dana Corporation has caused this Plan to be adopted on this 8th day of December, 2003.

DANA CORPORATION

By: /s/ R. B. Priory
------------------------------------
Chairman of the Compensation
Committee of the Board of Directors

ATTEST

/s/ R. W. Spriggle
- ---------------------

SCHEDULE I

(pages 16-21)

TIER 2 EMPLOYEES:
[11 persons named]

TIER 3 EMPLOYEES:
[45 persons named]

TIER 4 EMPLOYEES:
[113 persons named]

CORPORATE STAFF EMPLOYEES:

All Dana Corporation Corporate Services Group employees (not including temporary employees, interns, college co-ops, leased employees or other employees not paid by Dana) not listed in Tiers 1 through 4. Such employees include those employed in the following Corporate Services Departments:
[37 Departments named].

SCHEDULE II

TIER 1 EMPLOYEES:
[9 persons named]

SCHEDULE III

| Years of Continuous Service | Maximum Number of Months Payable |
|---|---|
| 0-15 | 6 |
| 15-20 | 8 |
| 20-25 | 10 |
| Over 25 | 12 |

For purposes of this Schedule I, the term "Years of Continuous Service" shall have the same meaning accorded to such term in the Company's Income Protection Plan for Management and Certain Other Employees.

EXHIBIT A TO PLAN
FOR TIER 2 EMPLOYEES

FORM OF RELEASE/COVENANT AGREEMENT

This Release/Covenant Agreement ("Agreement") is entered into as of this ______day of ________, hereinafter "Execution Date", by and between [Employee Full Name] (hereinafter "Employee"), and [Employer Full Name] and its successors and assigns (hereinafter, the "Company"). The Employee and the Company are sometimes collectively referred to as the "Parties". Capitalized terms that are not defined herein shall have the meaning set forth in the Company's Change of Control Severance Plan (the "Plan").

1. The Employee's employment with the Company is terminated effective [Month, Day, Year] (hereinafter "Termination Date"). The Company agrees to provide the Employee the severance benefits provided for in the Plan after he/she executes this Agreement and this Agreement becomes effective pursuant to its terms [FOR 40+ and does not revoke it as permitted in Section 5 below, the expiration of such revocation period being the "Effective Date")].

2. Employee represents that he has not filed, and will not file, any complaints, lawsuits, administrative complaints or charges relating to his employment with, or resignation from, the Company[FOR 40+; provided, however, that nothing contained in this Section 2 shall prohibit Employee from bringing a claim to challenge the validity of the ADEA Release in Section 5 herein]. In consideration of the benefits described in Section 1, for himself and his heirs, administrators, representatives, executors, successors and assigns (collectively, "Releasers"), Employee agrees to release the Company, its subsidiaries, affiliates, and their respective parents, direct or indirect subsidiaries, divisions, affiliates and related companies or entities, regardless of its or their form of business organization, any predecessors, successors, joint ventures, and parents of any such entity, and any and all of their respective past or present shareholders, partners, directors, officers, employees, consultants, independent contractors, trustees, administrators, insurers, agents, attorneys, representatives and fiduciaries, including without limitation all persons acting by, through, under or in concert with any of them (collectively, the "Released Parties"), from any and all claims, charges, complaints, causes of action or demands relating to his employment or termination of employment that Employee and his Releasers now have or have ever had against the Released Parties, whether known or unknown. This Release specifically excludes claims, charges, complaints, causes of action or demand that (a) post-date the Termination Date, (b) relate to unemployment compensation claims, (c) involve rights to benefits in which Employee is vested as of the Termination Date under any employee benefit plans and arrangements of the Company, (d) relate to claims for indemnification by Employee, or (e) involve obligations owed to Employee by the Company under the Plan.

3. The Company, on its own behalf and on behalf of the Released Parties, hereby releases Employee from all claims, causes of actions, demands or liabilities which arose against the Employee on or before the time it signs this Agreement, whether known or unknown. This

Paragraph, however, does not apply to or adversely affect any claims against Employee which allege or involve obligations owed by him to the Company under this Agreement. The Company will indemnify Employee for reasonable attorneys' fees, costs and damages which may arise in connection with any proceeding by the Company or any Released Party which is inconsistent with this Release by the Company and the Released Parties.

4. Employee hereby agrees that he will not engage in Competition in the event of a Qualifying Termination during the twelve (12) months immediately following the Qualifying Termination. The word "Competition" for the purposes of this Agreement shall mean:

(1) taking a management position with or control of a business engaged in the design, development, manufacture, marketing or distribution of products, which constituted 15% or more of the sales of the Company and its Subsidiaries and Affiliates during the last fiscal year of the Company preceding the termination of the Employee's employment, in any geographical area in which the Company, its Subsidiaries or Affiliates is at the time engaging in the design, development, manufacture, marketing or distribution of such products; provided, however, that in no event shall ownership of less than 5% of the outstanding capital stock entitled to vote for the election of directors of a corporation with a class of equity securities held of record by more than 500 persons, standing alone, be deemed Competition with the Company within the meaning of this Section 4,

(2) soliciting any person who is a customer of the businesses conducted by the Company, or any business in which Employee has been engaged on behalf of the Corporation and its Subsidiaries or Affiliates at any time during the term of the Plan on behalf of a business described in clause (1) of this Section 4,

(3) inducing or attempting to persuade any employee of the Company or any of its Subsidiaries or Affiliates to terminate his employment relationship in order to enter into employment with a business described in clause (1) of this Section 4, or

(4) making or publishing any statement which is, or may reasonably be considered to be, disparaging of the Company or any of its Subsidiaries or Affiliates, or directors, officers, employees or the operations or products of the Company or any of its Subsidiaries or Affiliates, except to the extent Employee, during Employee's employment with the Company, makes the statement to employees or other representatives of the Company or any of its Subsidiaries or Affiliates in furtherance of the Company's business and the performance of his services hereunder.

5. [FOR EMPLOYEES OVER 40 ONLY -- In further recognition of the above, Employee hereby voluntarily and knowingly waives all rights or claims that he/she may have against the Released Parties arising under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), other than any such rights or claims that may arise after the date of execution of this Release. Employee specifically agrees and acknowledges that: (A) the release in this Section 5 was granted in exchange for the receipt of consideration that exceeds the amount to which he/she would otherwise be entitled to receive upon termination of

his/her employment; (B) he/she has hereby been advised in writing by the Company to consult with an attorney prior to executing this Agreement; (C) the Company has given him/her a period of up to twenty-one (21) days within which to consider this Agreement, which period shall be waived by the Employee's voluntary execution prior to the expiration of the twenty-one day period, and he/she has carefully read and voluntarily signed this Agreement with the intent of releasing the Released Parties to the extent set forth herein; and (D) following his/her execution of this Release he/she has seven (7) days in which to revoke his/her release as set forth in this Section 5 only and that, if he/she chooses not to so revoke, the Agreement in this Section 5 shall then become effective and enforceable and the payment listed above shall then be made to his/her in accordance with the terms of this Agreement and the Plan. To cancel this Agreement, Employee understands that he/she must give a written revocation to the General Counsel of the Company at [ ](1), either by hand delivery or certified mail within the seven-day period. If he/she rescinds the Agreement, it will not become effective or enforceable and he/she will not be entitled to any benefits from the Company.]

6. If any provision of this Agreement is held invalid, the invalidity of such provision shall not affect any other provisions of this Agreement. This Agreement is governed by, and construed and interpreted in accordance with the laws of the State of [ ], without regard to principles of conflicts of law. Employee consents to venue and personal jurisdiction in the State of [ ] for disputes arising under this Agreement. This Agreement represents the entire understanding with the Parties with respect to subject matter herein, and no other inducements or representations have been made or relied upon by the Parties. This Agreement shall be binding upon and inure to the benefit of Employee, his heirs and legal representatives, and the Company and its successors as provided in this Section 6. Any modification of this Agreement must be made in writing and be signed by Employee and the Company.

ACCEPTED AND AGREED TO:

| - --------------------------------- | --------------------------------- |
|---|---|
| [Employer Full Name] | [Employee Full Name] |
| Dated: -------------------- | Dated: -------------------- |

- --------

(1) Insert address.

EXHIBIT B TO PLAN
FOR DESIGNATED EMPLOYEES
OTHER THAN TIER 2 EMPLOYEES

FORM OF RELEASE AGREEMENT

This Release Agreement ("Agreement") is entered into as of this ______day of ________, hereinafter "Execution Date", by and between [Employee Full Name] (hereinafter "Employee"), and [Employer Full Name] and its successors and assigns (hereinafter, the "Company"). The Employee and the Company are sometimes collectively referred to as the "Parties". Capitalized terms that are not defined herein shall have the meaning set forth in the Company's Change of Control Severance Plan (the "Plan").

1. The Employee's employment with the Company is terminated effective [Month, Day, Year] (hereinafter "Termination Date"). The Company agrees to provide the Employee the severance benefits provided for in the Plan after he/she executes this Agreement and this Agreement becomes effective pursuant to its terms [FOR 40+ and does not revoke it as permitted in Section 5 below, the expiration of such revocation period being the "Effective Date")].

2. Employee represents that he has not filed, and will not file, any complaints, lawsuits, administrative complaints or charges relating to his employment with, or resignation from, the Company[FOR 40+; provided, however, that nothing contained in this Section 2 shall prohibit Employee from bringing a claim to challenge the validity of the ADEA Release in Section 4 herein]. In consideration of the benefits described in Section 1, for himself and his heirs, administrators, representatives, executors, successors and assigns (collectively, "Releasers"), Employee agrees to release the Company, its subsidiaries, affiliates, and their respective parents, direct or indirect subsidiaries, divisions, affiliates and related companies or entities, regardless of its or their form of business organization, any predecessors, successors, joint ventures, and parents of any such entity, and any and all of their respective past or present shareholders, partners, directors, officers, employees, consultants, independent contractors, trustees, administrators, insurers, agents, attorneys, representatives and fiduciaries, including without limitation all persons acting by, through, under or in concert with any of them (collectively, the "Released Parties"), from any and all claims, charges, complaints, causes of action or demands relating to his employment or termination of employment that Employee and his Releasers now have or have ever had against the Released Parties, whether known or unknown. This Release specifically excludes claims, charges, complaints, causes of action or demand that (a) post-date the Termination Date, (b) relate to unemployment compensation claims, (c) involve rights to benefits in which Employee is vested as of the Termination Date under any employee benefit plans and arrangements of the Company, (d) relate to claims for indemnification by Employee, or (e) involve obligations owed to Employee by the Company under the Plan.

3. The Company, on its own behalf and on behalf of the Released Parties, hereby releases Employee from all claims, causes of actions, demands or liabilities which arose against the Employee on or before the time it signs this Agreement, whether known or unknown. This

Paragraph, however, does not apply to or adversely affect any claims against Employee which allege or involve obligations owed by him to the Company under this Agreement. The Company will indemnify Employee for reasonable attorneys' fees, costs and damages which may arise in connection with any proceeding by the Company or any Released Party which is inconsistent with this Release by the Company and the Released Parties.

4. [FOR EMPLOYEES OVER 40 ONLY -- In further recognition of the above, Employee hereby voluntarily and knowingly waives all rights or claims that he/she may have against the Released Parties arising under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), other than any such rights or claims that may arise after the date of execution of this Release. Employee specifically agrees and acknowledges that: (A) the release in this Section 4 was granted in exchange for the receipt of consideration that exceeds the amount to which he/she would otherwise be entitled to receive upon termination of his/her employment; (B) he/she has hereby been advised in writing by the Company to consult with an attorney prior to executing this Agreement; (C) the Company has given him/her a period of up to twenty-one (21) days within which to consider this Agreement, which period shall be waived by the Employee's voluntary execution prior to the expiration of the twenty-one day period, and he/she has carefully read and voluntarily signed this Agreement with the intent of releasing the Released Parties to the extent set forth herein; and (D) following his/her execution of this Release he/she has seven (7) days in which to revoke his/her release as set forth in this Section 4 only and that, if he/she chooses not to so revoke, the Agreement in this Section 4 shall then become effective and enforceable and the payment listed above shall then be made to his/her in accordance with the terms of this Agreement and the Plan. To cancel this Agreement, Employee understands that he/she must give a written revocation to the General Counsel of the Company at [ ](2), either by hand delivery or certified mail within the seven-day period. If he/she rescinds the Agreement, it will not become effective or enforceable and he/she will not be entitled to any benefits from the Company.]

5. If any provision of this Agreement is held invalid, the invalidity of such provision shall not affect any other provisions of this Agreement. This Agreement is governed by, and construed and interpreted in accordance with the laws of the State of [ ], without regard to principles of conflicts of law. Employee consents to venue and personal jurisdiction in the State of [ ] for disputes arising under this Agreement. This Agreement represents the entire understanding with the Parties with respect to subject matter herein, and no other inducements or representations have been made or relied upon by the Parties. This Agreement shall be binding upon and inure to the benefit of Employee, his heirs and legal representatives, and the Company and its successors as provided in this Section 5. Any modification of this Agreement must be made in writing and be signed by Employee and the Company.

- --------

(2) Insert address.

ACCEPTED AND AGREED TO:

- ---------------------------------    ---------------------------------
[Employer Full Name]    [Employee Full Name]

Dated: --------------------    Dated: --------------------

**Exhibit 21**

**DANA CORPORATION**
Consolidated Subsidiaries
As of December 31, 2003

Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615

| **UNITED STATES** | |
|---|---|
| Dana Risk Management Services, Inc. | Ohio |
| Dana World Trade Corporation | Delaware |
| DTF Trucking, Inc. | Delaware |
| Flight Operations, Inc. | Delaware |
| Dana International Finance Inc. | Delaware |
| Dana International Limited | Delaware |
| Krizman International, Inc. | Delaware |
| Reinz Wisconsin Gasket Co. | Delaware |
| Victor Reinz Valve Seals LLC | Indiana |
| Wix Filtration Media Specialists, Inc. | Delaware |
| Wix-Helsa Company | Delaware |
| Dana Technology, Inc. | Michigan |
| DSA of America, Inc. | Michigan |
| Spicer Heavy Axle & Brake, Inc. | Michigan |
| Glacier Vandervell, Inc. | Michigan |
| Glacier Daido America, LLC | Ohio |
| Dandorr L.L.C | Delaware |
| Spicer Heavy Axle Holdings, Inc. | Michigan |
| Torque-Traction Technologies, Inc. | Ohio |
| Torque-Traction Integration Technologies, Inc. | Ohio |
| Torque-Traction Manufacturing Technologies, Inc. | Ohio |
| Dana Asset Funding LLC | Delaware |
| Dana Realty Funding LLC | Delaware |
| Dana Automotive Aftermarket, Inc. | Delaware |
| Dana Global Holdings, Inc. | Delaware |
| Dana International Holdings, Inc. | Delaware |
| Dana Investments (Barbados) SRL | Barbados |
| Dana Canada Limited | Canada |
| Dana Canada Holding Co. | Canada |
| Brake Parts Canada, Inc. | Canada |
| Dana Canada Limited Partnership | Canada |
| Dana Canada Corporation | Canada |
| Dana Investment GmbH | Germany |
| Dana Automotive Systems GmbH | Germany |
| Dana GmbH | Germany |
| Dana Holding GmbH | Germany |
| Reinz-Dichtungs-GmbH & Co KG | Germany |
| M. Friesen GmbH | Germany |
| Quinton Hazell Deutschland GmbH | Germany |
| Spicer Off-Highway GmbH | Germany |
| Spicer Gelenkwellenbau GmbH & Co KG | Germany |
| Dana (Deutschland) Grundstucksverwaltung GmbH | Germany |
| Spicer Gelenkwellenbau Verwaltungs GmbH | Germany |
| DCC Leasing GmbH | Germany |
| Dana Austria GmbH | Austria |
| Automotive Brake Company Inc. | Delaware |
| Brake Parts Inc. | Delaware |
| Brake Parts Puerto Rico, Inc. | Puerto Rico |
| Friction Inc. | Delaware |
| Brake Systems, Inc. | Delaware |
| EPE, Inc. | California |

| | |
|---|---|
| Prattville Mfg., Inc. | Delaware |
| Beck/Arnley Worldparts Corp. | Delaware |
| Brake Realty Inc. | Delaware |
| Echlin-Ponce, Inc. | Delaware |
| Friction Materials, Inc. | Massachusetts |
| Iroquois Tool Systems, Inc. | Pennsylvania |
| Lipe Corporation | Delaware |
| Lipe Rollway Mexicana S.A. de C.V. | Mexico |
| Midland Brake, Inc. | Delaware |
| PAH Mexico Inc. | Delaware |
| W.M. Holding Company, Inc. | Delaware |
| EFMG LLC | Delaware |
| ERS LLC | Michigan |
| United Brake Systems Inc. | Delaware |
| Grupo Echlin Automotriz, S.A. de C.V. | Mexico |
| Producciones Automotrices, S.A. de C.V. | Mexico |
| Echlin Comercial, S.A. de C.V. | Mexico |
| Balatas American Brakebloks, S.A. de C.V. | Mexico |
| Echlin Mexicana, S.A. de C.V. | Mexico |
| Frenos Lusac, S.A. de C.V. | Mexico |
| Lusac Comfhia de Mexico, S.A. de C.V. | Mexico |
| Itapsa, S.A. de C.V. | Mexico |
| Long de Mexico, S.A. de C.V. | Mexico |
| Candados Universales de Mexico, S.A. de C.V. | Mexico |
| Echlin Industrias de Mexico, S.A. de C.V. | Mexico |
| Echlin Dominicana, S.A. | Dominican Republic |
| Echlin China Limited (Hong Kong) | Hong Kong |
| Echlin Taiwan Ltd. | Taiwan |
| Dana Investments UK Limited | United Kingdom |
| Dana UK Holdings Limited | United Kingdom |
| Echlin (Southern) Holding Ltd. (Jersey) | United Kingdom |
| Dana Holdings Limited | United Kingdom |
| Dana Spicer Europe Ltd. | United Kingdom |
| Dana Limited | United Kingdom |
| Dana Spicer Limited | United Kingdom |
| Dana Commercial Credit (UK) Limited | United Kingdom |
| Dana Capital Limited | United Kingdom |
| Dana Commercial Credit (June) Limited | United Kingdom |
| Dana Commercial Credit (September) Limited | United Kingdom |
| Stieber Formsprag Limited | United Kingdom |
| Dana UK Pension Scheme Limited | United Kingdom |
| Dana Manufacturing Group Pension Scheme Limited | United Kingdom |
| Dana UK Common Investment Fund Limited | United Kingdom |
| Echlin Europe Limited | United Kingdom |
| Quinton Hazell Plc | United Kingdom |
| Supra Group Limited | United Kingdom |
| QH Pension Trustee Limited | United Kingdom |
| Quinton Hazell Belgium SA | Belgium |
| Quinton Hazell Nederland B.V | Netherlands |
| Quinton Hazell Polska Sp. zo.o | Poland |
| Quinton Hazel Espana S.A. | Spain |
| Dana Automotive (Ireland) Limited | Ireland |
| Moprod (Ireland) Limited | Ireland |
| Quinton Hazell Limited | Ireland |
| Automotive Motion Technology Limited | United Kingdom |
| Dana Emerson Actuator Systems LLP | United Kingdom |
| Dana Emerson Actuator Systems (Technology) LLP | United Kingdom |
| Dana Automotive Limited | United Kingdom |
| Hobourn Group Pension Trust Company Limited | United Kingdom |
| SU Pension Trustee Limited | United Kingdom |
| Whiteley Rishworth Ltd. | United Kingdom |
| Motaproducts Automotive (Northern Ireland) Limited | United Kingdom |
| Motaproducts Automotive Limited | United Kingdom |
| Commercial Ignition Limited | United Kingdom |
| Quinton Hazell Automotive Limited | United Kingdom |

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| Quinton Hazell (Far East) Limited | United Kingdom |
| Echlin Automotive Systems Limited | United Kingdom |
| WH Components Limited | United Kingdom |
| Preferred Technical Group-CHA Limited | United Kingdom |
| Hobourn Automotive Limited | United Kingdom |
| SU Automotive Limited | United Kingdom |
| Dana Law Department Limited | United Kingdom |
| Hobourn Steering Ltd. | United Kingdom |
| Hobourn Engineering Ltd. | United Kingdom |
| Hobourn Technology Ltd. | United Kingdom |
| Hobourn Plastics Ltd. | United Kingdom |
| Hobourn Leasing Ltd. | United Kingdom |
| Motor Hydraulics Ltd. | United Kingdom |
| Vehicle Components Ltd. | United Kingdom |
| Supra Automotive Ltd. | United Kingdom |
| Supra Steering & Suspension Ltd. | United Kingdom |
| Supra Steering Ltd. | United Kingdom |
| Parts Mobile Ltd. | United Kingdom |
| Dana Bedford 1 Limited | United Kingdom |
| Dana Bedford 2 Limited | United Kingdom |
| Dana Bedford 5 Limited | United Kingdom |
| Dana Bedford 3 Limited | United Kingdom |
| Dana Bedford 4 Limited | United Kingdom |
| Driveline Specialist Limited | United Kingdom |
| Echlin Argentina S.A. | Argentina |
| Echlin Do Brasil Industria e Comercio Ltda. | Brazil |
| Fanacif Products Argentina S.A. | Argentina |
| Dana South Africa (Proprietary) Limited | South Africa |
| Electron Seventeen (Prop.) Limited | South Africa |
| Insom Investments (Prop.) Limited | South Africa |
| Miclaric Investments (Prop.) Limited | South Africa |
| Fanacif S.A | Uruguay |
| Arvis S.R.L | Uruguay |
| Inversora Sabana, S.A. | Venezuela |
| Echlin de Venezuela C.A | Venezuela |
| Echlin de Colombia Ltda. | Colombia |
| Diamond Financial Holdings, Inc. | Delaware |
| Findlay Properties, Inc. | Ohio |
| Ottawa Properties, Inc. | Michigan |
| Shannon Properties, Inc. | Delaware |
| First Shannon Realty of North Carolina, Inc. | North Carolina |
| Summey Building Systems, Inc. | North Carolina |
| Dana Credit Corporation | Delaware |
| Farnborough Properties Partners I Limited | Delaware |
| Farnborough Properties Partners II Limited | Delaware |
| Farnborough Properties Partners III Limited | Delaware |
| Farnborough Properties Partners IV Limited | Delaware |
| Dana Commercial Credit Corporation | Delaware |
| Camotop Five Corporation | Delaware |
| CCD Air Ten, Inc. | Delaware |
| CCD Air Eleven, Inc. | Delaware |
| CCD Air Twelve, Inc. | Delaware |
| CCD Air Thirteen, Inc. | Delaware |
| CCD Air Fourteen, Inc. | Delaware |
| CCD Air Twenty, Inc. | Delaware |
| CCD Air Twenty-One, Inc. | Delaware |
| CCD Air Twenty-Two, Inc. | Delaware |
| CCD Air Thirty, Inc. | Delaware |
| CCD Air Thirty-Two, Inc. | Delaware |
| CCD Air Thirty-Three, Inc. | Delaware |
| CCD Air Thirty-Four, Inc. | Delaware |
| CCD Air Thirty-Five, Inc. | Delaware |
| CCD Air Thirty-Six, Inc. | Delaware |
| CCD Air Thirty-Seven, Inc. | Delaware |
| CCD Air Thirty-Eight, Inc. | Delaware |

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| CCD Air Thirty-Nine, Inc. | Delaware |
| CCD Air Forty, Inc. | Delaware |
| CCD Air Forty-One, Inc. | Delaware |
| Rochester FSC, Ltd. | Bermuda |
| CCD Air Forty-Two, Inc. | Delaware |
| CCD Air Forty-Four, Inc. | Delaware |
| CCD Airway One, Inc. | Delaware |
| CCD Rail Two, Inc. | Delaware |
| CCD Rail Three, Inc. | Delaware |
| CCD Rail Five, Inc. | Delaware |
| CCD Water One, Inc. | Delaware |
| CCD Water Three, Inc. | Delaware |
| Comprehensive Asset Services, Inc. | Delaware |
| Dana Business Credit Corporation | Delaware |
| Dana Commercial Finance Corporation | Delaware |
| Dana Fleet Leasing, Inc. | Delaware |
| DCC Company 102, Inc. | Delaware |
| DCC Franchise Services, Inc. | Delaware |
| DCC Leasing Corporation, Inc. | Delaware |
| DCC Project Finance Three, Inc. | Delaware |
| DCC Linden, Inc. | Delaware |
| DCC Project Finance Four, Inc. | Delaware |
| DCC Project Finance Five, Inc. | Delaware |
| DCC Project Finance Six, Inc. | Delaware |
| DCC Project Finance Ten, Inc. | Delaware |
| DCC Project Finance Eleven, Inc. | Delaware |
| Washington 10 Gas Holdings, Inc. | Delaware |
| Washington 10 Storage Corporation | Michigan |
| DCC Project Finance Twelve, Inc. | Delaware |
| DCC Project Finance Thirteen, Inc. | Delaware |
| DCC Project Finance Fourteen, Inc. | Delaware |
| DCC Project Finance Eighteen, Inc. | Delaware |
| DCC Project Finance Twenty, Inc. | Delaware |
| DCC Servicing, Inc. | Delaware |
| DCL Holding Company, Inc. | Delaware |
| Camotop Two Corporation | Delaware |
| Reherc, Inc. | Delaware |
| Energy Credit Corporation | Delaware |
| Energy Services Credit Corporation | Delaware |
| Energy Services Nevada, Inc. | Delaware |
| Iron Rhino, Inc. | Delaware |
| Iron Rhino Construction Equipment, Inc. | Delaware |
| Iron Rhino Industrial Equipment, Inc. | Delaware |
| Iron Rhino Logistics, Inc. | Delaware |
| Iron Rhino Material Handling, Inc. | Delaware |
| Isom & Associates, Inc. | Delaware |
| JVPro One, Inc. | Delaware |
| Kodiak Energy, Inc. | Delaware |
| Leased Equipment, Inc. | Delaware |
| Lease Recovery, Inc. | Delaware |
| Midwest Housing Investments J.V., Inc. | Delaware |
| Potomac Leasing Company | Delaware |
| REBAC, Inc. | Delaware |
| Rebacker One, Inc. | Texas |
| REBNEC Three, Inc. | Delaware |
| REBNEC Five, Inc. | Delaware |
| REBNEC Nine, Inc. | Delaware |
| ReDade, Inc. | Delaware |
| Redison, Inc. | Delaware |
| REFIRST, Inc. | Delaware |
| REFREEZE, Inc. | Delaware |
| REHAT, Inc. | Delaware |
| RENAT, Inc. | Delaware |
| RENOVO One, Inc. | Delaware |
| RENOVO Three, Inc. | Delaware |

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| RENOVO Five, Inc. | Delaware |
| RENOVO Seven, Inc. | Delaware |
| RENOVO Nine, Inc. | Delaware |
| RENOVO Eleven, Inc. | Delaware |
| RENOVO Thirteen, Inc. | Delaware |
| Letovon Rosehill One Pty Limited | Australia |
| Letovon Rosehill Two Pty Limited | Australia |
| Letovon St. Kilda One Pty Limited | Australia |
| Letovon St. Kilda Two Pty Limited | Australia |
| ReSun, Inc. | Delaware |
| RETRAM, Inc. | Delaware |
| Seismiq, Inc. | Delaware |
| Shannon Supermarket Investors, Inc. | Delaware |
| STSN, Inc. | Delaware |
| DCC Canada Inc. | Canada |
| Shannon Canada Inc. | Canada |
| Rock Energy Limited | Gibraltar |
| Five Star Piccadilly Limited | Jersey |
| Camotop One Corporation | Delaware |
| CCD Air Four, Inc. | Delaware |
| CCD Air Five, Inc. | Delaware |
| CCD Air Seven, Inc. | Delaware |
| CCD Air Eight, Inc. | Delaware |
| CCD Air Nine, Inc. | Delaware |
| CCD Air Forty-Three, Inc. | Delaware |
| CCD Airway Two, Inc. | Delaware |
| CCD Rail One, Inc. | Delaware |
| CCD Rail Four, Inc. | Delaware |
| CCD Water Two, Inc. | Delaware |
| DCC Fiber, Inc. | Delaware |
| DCC Project Finance Seven, Inc. | Delaware |
| DCC Project Finance Eight, Inc. | Delaware |
| DCC Project Finance Fifteen, Inc. | Delaware |
| DCC Project Finance Sixteen, Inc. | Delaware |
| DCC Project Finance Nineteen, Inc. | Delaware |
| DCC Spacecom Two, Inc. | Delaware |
| DCC Vendorcom, Inc. | Delaware |
| JVQ Capital One, Inc. | Delaware |
| Provicar, Inc. | Delaware |
| Rebaker Two, Inc. | Delaware |
| REBNEC One, Inc. | Delaware |
| REBNEC Two, Inc. | Delaware |
| REBNEC Four, Inc. | Delaware |
| REBNEC Six, Inc. | Delaware |
| REBNEC Ten, Inc. | Delaware |
| REBNEC Twelve, Inc. | Delaware |
| Recap, Inc. | Delaware |
| Rehold, Inc. | Delaware |
| RENOVO Two, Inc. | Delaware |
| RENOVO Four, Inc. | Delaware |
| RENOVO Six, Inc. | Delaware |
| RENOVO Eight, Inc. | Delaware |
| RENOVO Twelve, Inc. | Delaware |
| RERSEY, Inc. | Delaware |
| RESAMM, Inc. | Delaware |
| Northavon Investments Limited | Jersey |
| Dorr Leasing Corporation | Delaware |
| CCD Air, Fifty LLC | Delaware |
| Automotive Controls Corp. | Connecticut |
| Auto Parts Acquisition LLC | Delaware |
| BWD Automotive Corporation | Delaware |
| Long USA LLC | Texas |
| Long Automotive LLC | Delaware |
| Long Cooling LLC | Delaware |
| Pacer Industries, Inc. | Missouri |

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| Ristance Corporation | Indiana |
| Engine Controls Distribution Services, Inc. | Delaware |
| Coupled Products, Inc. | Delaware |
| Hose & Tubing, Inc. | Delaware |
| Dana Emerson Actuator Systems LLC | Delaware |
| Dana Emerson Actuator Systems s.r.o | Slovakia |
| Tecnologia de Mocion Controlada S.A. de C.V. | Mexico |
| Dana Heavy Axle Mexico S.A. de C.V. | Mexico |
| PTG Mexico, S. de R.L. de C.V. | Mexico |
| PTG Servicios, S. de R.L. de C.V. | Mexico |
| Wrenford Insurance Company Limited | Bermuda |
| Dana Foreign Sales Corporation | U.S. Virgin Islands |
| Dana Australia (Holdings) Pty. Ltd. | Australia |
| Dana Australia Pty. Ltd. | Australia |
| Spicer Axle Structural Components Australia Pty. Ltd. | Australia |
| Spicer Axle Australia Pty Ltd. | Australia |
| Dana Australia Trading Pty. Ltd. | Australia |
| Dana New Zealand, Ltd. | New Zealand |
| Gearmax (Pty) Ltd. | South Africa |
| Dana (Wuxi) Technology Co. Ltd. | China |
| Dana Hong Kong Limited | Hong Kong |
| Kentning Industries Limited | Hong Kong |
| P.T. Spicer Indonesia | Indonesia |
| PT Spicer Axle Indonesia | Indonesia |
| Dana Japan, Ltd. | Japan |
| Dana Korea Co. Ltd. | Korea |
| Spicer Philippines Manufacturing Co. | Philippines |
| ROC — Spicer Ltd. | Taiwan |
| ROC Spicer Investment Co. Ltd. | British Virgin Islands |
| Shenyang Spicer Driveshaft Corporation Limited | China |
| Fujian Spicer Drivetrain System Co., Ltd. | China |
| Dantean (Thailand) Company, Limited | Thailand |
| Dana Spicer (Thailand) Limited | Thailand |
| Dana Belgium N.V | Belgium |
| Spicer Off-Highway Belgium N.V | Belgium |
| Long Manufacturing Czech Republic | Czech Republic |
| Dana Chassis Systems Limited | United Kingdom |
| Dana SAS | France |
| Perfect Circle Europe S.A. | France |
| Societe de Reconditionnement Industriel de Moteurs S.A. | France |
| Spicer France SarL | France |
| Glacier Vandervell SAS | France |
| Nobel Plastiques S.A. | France |
| Nobel Plastiques Iberica S.A. | Spain |
| Quinton Hazell SarL | France |
| Quinton Hazell France SARL | France |
| Spicer India Limited | India |
| Dana India Private Limited | India |
| Dana Italia, SpA | Italy |
| Spicer Italcardano SpA | Italy |
| Quinton Hazell Italia SpA | Italy |
| D.E.H. Holdings SARL | Luxembourg |
| Dana Finance (Ireland) Limited | Ireland |
| Dana Europe Holdings B.V | Netherlands |
| Wix Filtron Sp. zo.o | Poland |
| Dana Automocion, S.A. | Spain |
| Spicer Ayra Cardan S.A. | Spain |
| Spicer Nordiska Kardan AB | Sweden |
| Dana Europe S.A. | Switzerland |
| Glacier Tribometal Slovakia a.s | Slovakia |
| Dana Holdings SRL | Argentina |
| Dana Argentina S.A. | Argentina |
| Dana San Juan S.A. | Argentina |

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| Dana San Luis S.A. | Argentina |
| Farlock Argentina S.A. | Argentina |
| Cerro de los Médanos S.A. I.C | Argentina |
| Transmissiones Homocineticas Argentina S.A. | Argentina |
| Spicer Ejes Pesados S.A. | Argentina |
| Dana Equipamentos Ltda. | Brazil |
| Dana-Albarus, S.A. Industrial E Comercio | Brazil |
| Pellegrino Distribuidora de Autopecas Ltda. | Brazil |
| Albarus S.A. Comercial e Exportadora | Brazil |
| UBALI S.A. | Uruguay |
| Dana Industrial Ltda. | Brazil |
| Suzuki Comercial Ltda. | Brazil |
| Warner Electric do Brasil Ltda. | Brazil |
| Dana do Brasil Ltda. | Brazil |
| Industria De Ejes Y Transmissiones S.A. | Colombia |
| Transejes Transmissiones Homocineticas de Colombia S.A. | Colombia |
| Repsa S.A. | Colombia |
| Transejes C.D. Ltda. | Colombia |
| Transcar Ltda. | Colombia |
| Transmotor Ltda. | Colombia |
| Talesol S.A. | Uruguay |
| C.A. Danaven | Venezuela |
| Tuboauto, C.A | Venezuela |
| Tubos Venzolanos, C.A | Venezuela |
| T.S.P | Cayman Islands |
| Blenville, S.A. | Panama |
| Danaven Rubber Products, C.A | Venezuela |
| Distribuidora S.H.F., C.A | Venezuela |
| TRINASA, S.A. | Panama |
| Asesoramiento Contable y Administrativo, S.A. | Venezuela |
| Juntas Homocineticas Venzolanas | Venezuela |
| Embargues Automotrices, S.A. | Venezuela |
| MSP Ltd. | Cayman Islands |
| Axlecay Limited | Cayman Islands |
| JUNCAY | Cayman Islands |
| Metalmechanic Equipment Supply S.A. | Panama |
| Expo Service Corporation | Delaware |

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-67307, 333-42239, 333-23733, 333-22935, 333-00539, 333-58121 and 333-18403) and in the Registration Statements on Form S-8 (Nos. 333-59442, 333-69449, 333-84417, 333-52773, 333-50919, 333-64198, 333-37435, 33-22050 and 333-59442) and in the Registration Statements on Form S-4 (Nos. 333-76012 and 333-96793) of Dana Corporation of our report dated February 9, 2004 relating to the financial statements and financial statement schedule, which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
Toledo, Ohio
February 25, 2004

Exhibit 24

POWER OF ATTORNEY

The undersigned directors and/or officers of Dana Corporation hereby constitute and appoint William J. Carroll, Robert C. Richter, Richard J. Westerheide, Michael L. DeBacker and M. Jean Hardman, and each of them, severally, their true and lawful attorneys-in-fact with full power for and on their behalf to execute the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, including any and all amendments thereto, in their names, places and stead in their capacity as directors and/or officers of the Corporation, and to file the same with the Securities and Exchange Commission on behalf of the Corporation under the Securities Exchange Act of 1934, as amended.

This Power of Attorney automatically ends as to each appointee upon the termination of his or her service with the Corporation.

In witness whereof, the undersigned have executed this instrument on December 9, 2003.

/s/ B. F. Bailar
B. F. Bailar

/s/ A. C. Baillie
A. C. Baillie

/s/ E. M. Carpenter
E. M. Carpenter

/s/ E. Clark
E. Clark

/s/ C. W. Grise
C. W. Grise

/s/ G. H. Hiner
G. H. Hiner

/s/ J. P. Kelly
J. P. Kelly

/s/ M. R. Marks
M. R. Marks

/s/ R. B. Priory
R. B. Priory

/s/ F. M. Senderos
F. M. Senderos

/s/ W. J. Carroll
W. J. Carroll

/s/ M. L. DeBacker
M. L. DeBacker

/s/ M. J. Hardman
M. J. Hardman

/s/ R. C. Richter
R. C. Richter

/s/ R. J. Westerheide
R. J. Westerheide

**CERTIFICATION OF ACTING PRESIDENT AND CHIEF OPERATING OFFICER**

I, William J. Carroll, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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) 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

   (c) 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: February 25, 2004

/s/ WILLIAM J. CARROLL

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William J. Carroll
*Acting President and Chief Operating Officer*
*(Principal Executive Officer)*

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Robert C. Richter, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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) 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

   (c) 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: February 25, 2004

/s/ ROBERT C. RICHTER

Robert C. Richter
*Chief Financial Officer*

EXHIBIT 32

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Annual Report of Dana Corporation (the "Company") on Form 10-K for the year ended December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2003, 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 the Company as of the dates and for the periods expressed in the Report.

Date: February 25, 2004

/s/ William J. Carroll
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William J. Carroll
Acting President and
Chief Operating Officer
(Principal Executive Officer)

/s/ Robert C. Richter
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Robert C. Richter
Chief Financial Officer

A signed original of these certifications required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.