Table of Contents

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, 2005

Commission file number 1-1063

Dana Corporation

(Exact name of registrant as specified in its charter)

Virginia	**34-4361040**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
4500 Dorr Street, Toledo, Ohio	**43615**
(Address of principal executive offices)	*(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	None

Securities registered pursuant to section 12(g) of the Act:
None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act Yes o No ☑

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 ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2) of the Act. Yes o No ☑

The aggregate market value of the voting common stock held by non-affiliates of the registrant committed by reference to the average high and low trading prices of the common stock on the New York Stock Exchange as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2005) was approximately $2,249,917,913.

There were 150,389,814 shares of registrant's common stock, $1 par value, outstanding at March 31, 2006.

DANA CORPORATION — FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

		10-K Pages
Cover		
Table of Contents		1
Forward-Looking Information		2
	PART I	
Item 1	Business	3
Item 1A	Risk Factors	10
Item 1B	Unresolved Staff Comments	13
Item 2	Properties	13
Item 3	Legal Proceedings	14
Item 4	Submission of Matters to a Vote of Security Holders	15
	PART II	
Item 5	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	16
Item 6	Selected Financial Data	17
Item 7	Management’s Discussion and Analysis of Financial Condition and Results of Operations	18
Item 7A	Quantitative and Qualitative Disclosures About Market Risk	47
Item 8	Financial Statements and Supplementary Data	51
Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	110
Item 9A	Controls and Procedures	110
Item 9B	Other Information	114
	PART III	
Item 10	Directors and Executive Officers of the Registrant	115
Item 11	Executive Compensation	117
Item 12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	126
Item 13	Certain Relationships and Related Transactions	129
Item 14	Principal Accounting Fees and Services	129
	PART IV	
Item 15	Exhibits, Financial Statement Schedules	131
Signatures		132
Exhibit Index		134
Exhibits		140
EX-10(S) Annual Incentive Plan		
EX-10(T) Agreement Dated March 6, 2006		
EX-10(X) Credit Agreement		
EX-10(X)(1) Amendment No. 1 to Credit Agreement		
EX-10(X)(2) Amendment No. 2 to Credit Agreement		
EX-21 Subsidiaries of Dana		
EX-23 Consent of PricewaterhouseCoppers LLP		
EX-24 Power of Attorney		
EX-31(A) Certification		
EX-31(B) Certification		
EX-32 Certification		

FORWARD-LOOKING INFORMATION

Statements in this report that are not entirely historical constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forwarding-looking statements are indicated by words such as “anticipates,” “expects,” “believes,” “intends,” “plans,” “estimates,” “projects” and similar expressions. These statements represent our present expectations based on our current information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Our actual results could differ materially from those we currently anticipate or project due to a number of factors, including the following and those discussed elsewhere in this report, including Items 1A, 7 and 7A.

- The reorganization of Dana and forty of our wholly-owned domestic subsidiaries under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code), that may have adverse consequences for us and our stakeholders and may or may not be successful;
- The cyclical nature of the vehicular markets we serve, particularly the heavy-duty commercial vehicle market;
- Changes in national and international economic conditions that affect our markets, such as increased fuel prices and legislation regulating vehicle emissions;
- Increases in our commodity costs (including steel, other raw materials and energy) that we cannot recoup in our product pricing;
- Price reduction pressures from our customers;
- Changes in business relationships with our major customers and in the timing, size and continuation of their various programs;
- Competitive pressures on our sales from other vehicle component suppliers;
- Potential bankruptcy or consolidation of key customers or suppliers;
- The ability of our customers to maintain their market positions and achieve their projected sales and production levels;
- Changes in the competitive environment in our markets due, in part, to outsourcing and consolidation by our customers;
- Our ability to complete our previously announced strategic actions as contemplated, including the divestiture of our non-core engine hard parts, fluid products and pump products businesses; the operational restructuring in our Automotive Systems Group and our Commercial Vehicle business; the dissolution of our Mexican joint venture with DESC, and the establishment of our Chinese joint venture, Dongfeng Dana Axle Co., Ltd.;
- The ability of our suppliers to maintain their projected production levels and furnish critical components for our products, as well as other necessary goods and services;
- Our success in implementing our cost-savings, lean manufacturing and VA/ VE (value added/value engineering) programs;
- The strength of other currencies in the overseas countries in which we do business relative to the U.S. dollar; and
- Potential adverse effects on our operations and business from terrorism or hostilities.

PART I

(Dollars in millions, except per share amounts)

Item 1. *Business*

General

Dana Corporation (Dana, the Company, we), headquartered in Toledo, Ohio, is a leading supplier of axle, driveshaft, frame, and sealing and thermal management products for global vehicle manufacturers. Our people design and manufacture products for every major vehicle producer in the world. We employ approximately 44,000 people and operate 116 major facilities in 28 countries.

Reorganization Proceedings under Chapter 11 of the Bankruptcy Code

On March 3, 2006 (the Filing Date), Dana Corporation and forty of its wholly-owned domestic subsidiaries (collectively, the Debtors) filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). These Chapter 11 cases are collectively referred to as the "Bankruptcy Cases." Neither Dana Credit Corporation (DCC) nor any of our non-U.S. affiliates commenced any bankruptcy proceedings. The wholly-owned subsidiaries included in the Bankruptcy Cases are Dakota New York Corp., Brake Systems, Inc., BWDAC, Inc., Coupled Products, Inc., Dana Atlantic LLC f/k/a Glacier Daido America, LLC, Dana Automotive Aftermarket, Inc., Dana Brazil Holdings I LLC f/k/a Wix Filtron LLC, Dana Brazil Holdings LLC f/k/a/ Dana Realty Funding LLC, Dana Information Technology LLC, Dana International Finance, Inc., Dana International Holdings, Inc., Dana Risk Management Services, Inc., Dana Technology Inc., Dana World Trade Corporation, Dandorr L.L.C., Dorr Leasing Corporation, DTF Trucking, Inc., Echlin-Ponce, Inc., EFMG LLC, EPE, Inc., ERS LLC, Flight Operations, Inc., Friction Inc., Friction Materials, Inc., Glacier Vandervell Inc., Hose & Tubing Products, Inc., Lipe Corporation, Long Automotive LLC, Long Cooling LLC, Long USA LLC, Midland Brake, Inc., Prattville Mfg., Inc., Reinz Wisconsin Gasket LLC, Spicer Heavy Axle & Brake, Inc., Spicer Heavy Axle Holdings, Inc., Spicer Outdoor Power Equipment Components LLC, Torque-Traction Integration Technologies, LLC, Torque-Traction Manufacturing Technologies, LLC, Torque-Traction Technologies, LLC and United Brake Systems Inc.

The Bankruptcy Cases are being jointly administered, with the Debtors managing their business in the ordinary course as debtors in possession subject to the supervision of the Bankruptcy Court. We intend to continue normal business operations during the Bankruptcy Cases while we evaluate our businesses both financially and operationally and implement comprehensive improvements as appropriate to enhance performance. We intend to proceed with previously announced divestiture and restructuring plans, which include the sale of several non-core businesses, the closure of certain facilities and the shift of production to lower-cost locations. In addition, we intend to take steps to reduce costs, increase efficiency and enhance productivity so that we emerge from bankruptcy as a stronger, more viable company. We intend to effect fundamental, not incremental, change to our business. While we cannot predict with precision how long the reorganization process will take, it could take upwards of 18 to 24 months.

Several factors have severely impacted our operations and financial performance and ultimately prompted liquidity pressures that necessitated the filing of the Bankruptcy Cases. Among other things, we have faced a continued decline in the market share of our largest customers — U.S.-based original equipment manufacturers (OEMs) — which has resulted in increased pricing pressures from the OEMs; continued high commodity prices, including costs of steel and other raw materials; rising energy costs; the tightening of available trade credit; the increased cost of capital and global economic factors. These factors have not affected us in isolation, but are a symptom of a much broader downturn in the U.S. auto market.

In March 2006, the Bankruptcy Court granted final approval of our debtor-in-possession (DIP) credit facility (DIP facility or DIP Credit Agreement) under which we may borrow up to $1,450. This facility provides funding to continue our operations without disruption to our obligations to suppliers, customers

and employees during the Chapter 11 reorganization process. The Bankruptcy Court has also entered a variety of orders designed to permit us to continue to operate on a normal basis post-petition (*i.e.*, after the Filing Date). These include orders authorizing us to continue our consolidated cash management system, pay employees their accrued pre-petition (*i.e.*, pre-Filing Date) wages and salaries, honor our obligations to our customers and pay some or all of the pre-petition claims of foreign vendors and certain suppliers that are critical to our continued operation, subject to certain restrictions.

An official committee of the Debtors' unsecured creditors has been appointed in the Bankruptcy Cases and, in accordance with the provisions of the Bankruptcy Code, will have the right to be heard on all matters that come before the Bankruptcy Court. The Debtors are required to bear certain of the committee's costs and expenses, including those of their counsel and financial advisors.

While we continue our reorganization under Chapter 11, investments in our securities will be highly speculative. Shares of our common stock may have little or no value and there can be no assurance that they will not be cancelled pursuant to our reorganization plan. Since March 3, 2006, our common stock has been traded on the Over The Counter Bulletin Board (OTCBB) under the symbol "DCNAQ."

Under the Bankruptcy Code, the Debtors have the right to assume or reject executory contracts (*i.e*., contracts that are to be performed by the contract parties after the Filing Date) and unexpired leases, subject to Bankruptcy Court approval and other limitations. In this context, "assuming" an executory contract or unexpired lease means that the Debtors will agree to perform their obligations and cure certain existing defaults under the contract or lease and "rejecting" them means that the Debtors will be relieved of their obligations to perform further under the contract or lease, which will give rise to a pre-petition claim for damages for the breach thereof. In March and April 2006, the Bankruptcy Court authorized the Debtors to reject certain unexpired leases and subleases.

We anticipate that substantially all of the Debtors' liabilities as of the Filing Date will be resolved under, and treated in accordance with, a plan of reorganization to be proposed to and voted on by their creditors in accordance with the provisions of the Bankruptcy Code. Although we intend to file and seek confirmation of such a plan, there can be no assurance as to when we will file the plan or that the plan will be confirmed by the Bankruptcy Court and consummated. Nor can there be any assurance that we will be successful in achieving our reorganization goals, or that any measures that are achievable will result in sufficient improvement to our financial position. Accordingly, until the time that the Debtors emerge from bankruptcy there will be no certainty about our ability to continue as a going concern. If a reorganization is not completed, we could be forced to sell a significant portion of our assets to retire outstanding debt or, under certain circumstances, to cease operations.

Our Business

We have two primary business units: the Automotive Systems Group (ASG) and the Heavy Vehicle Technologies and Systems Group (HVTSG). ASG recorded sales of $5,941 in 2005. Its largest customers were Ford Motor Company (Ford), General Motors Corporation (GM) and DaimlerChrysler AG (DaimlerChrysler). At December 31, 2005, this group employed 35,200 people and had 91 facilities in 19 countries. HVTSG generated sales of $2,640 in 2005. Its largest commercial vehicle customers were PACCAR Inc, Volvo Group and International Truck & Engine Corp. Its largest off-highway customers included Deere & Company, AGCO Corporation and the MANITOU Group. At December 31, 2005, the group employed 7,400 people and had 20 facilities in 8 countries.

Our business units serve three primary markets with the following products:

- *Automotive market* — We make axles; driveshafts; structural products; chassis, steering, and suspension components; engine sealing and thermal management products; and related service parts for light vehicles, including light trucks (pickup trucks, sport-utility vehicles or SUVs, vans, and crossover vehicles or CUVs) and passenger cars.
- *Commercial vehicle market* — We make axles; driveshafts; chassis and suspension modules; ride controls and related modules and systems; engine sealing and thermal management products; and

related service parts for Class 5-8 medium- and heavy-duty trucks, recreational vehicles, specialty market vehicles, buses and motor coaches.

- *Off-highway market* — We make axles; transaxles; driveshafts; brakes; suspension components; transmissions; electronic controls; related modules and systems; engine sealing and thermal management products; and related service parts for construction machinery; leisure/utility vehicles; and outdoor power, agricultural, mining, forestry and material handling equipment for use in a variety of non-vehicular, industrial applications.

Dana has several strategic alliances and joint venture partners that strengthen its marketing, manufacturing and product-development capabilities and broaden its product portfolio. These partners help Dana to better serve its diverse and global customer base. Among them are:

- *Bendix Commercial Vehicle Systems LLC (Bendix)* — Bendix Spicer Foundation Brake LLC, a joint venture formed by Bendix and Dana, integrates the braking systems expertise from Bendix and its parent, the Knorr-Bremse Group, with the axle and brake integration capability of Dana to offer a full portfolio of advanced wheel-end braking systems components and technologies.

- *Eaton Corporation* — Eaton and Dana together offer the Roadranger® solution, an industry-leading combination of drivetrain, chassis and safety components and services backed by sales, service and technical consultants called the Roadrangers.

- *GETRAG GmbH & Cie KG* — Dana has a 30% equity stake in GETRAG GmbH & Cie KG, the parent company of the GETRAG group of companies and a 49% share of GETRAG's North American operations. In 2004 the two companies bought a 60% share of Volvo Car Corporation's operations in Koping, Sweden to form GETRAG All Wheel Drive AB. Most recently, Dana and GETRAG expanded their strategic alliance to jointly develop electronically controlled limited-slip differentials and electronic torque couplings.

In October 2005, three businesses (engine hard parts, fluid products and pump products) were approved for divestiture by our Board. These businesses employ approximately 9,800 people in 44 operations worldwide with annual revenues exceeding $1,200 in 2005. These businesses are presented in our financial statements as discontinued operations.

We have long served as one of the largest suppliers to the North American aftermarket. Nearly all of our automotive aftermarket operations were conducted through our Automotive Aftermarket Group (AAG). The sale of substantially all of AAG was completed in November 2004. Those businesses are presented in our financial statements as discontinued operations. See Note 15 to our consolidated financial statements for additional information.

We were also a leading provider of lease financing services in selected markets through DCC. However, in 2001, we determined that the sale of DCC's businesses would enable us to more sharply focus on our core businesses. Over the last four years, we have sold significant portions of DCC's portfolio assets, reducing this portfolio from $2,200 in December 2001 to approximately $560 at the end of 2005.

Table of Contents

Geographic

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 business units. Our operations are located in the following countries:

North America	Europe		South America	Asia Pacific
Canada	Austria	Slovakia	Argentina	Australia
Mexico	Belgium	South Africa	Brazil	China
United States	France	Spain	Colombia	India
	Germany	Sweden	Uruguay	Japan
	Hungary	Switzerland	Venezuela	South Korea
	Italy	United Kingdom		Taiwan
				Thailand
				Turkey

Our international subsidiaries and affiliates manufacture and sell a number of products similar to those we produce in the U.S. 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. See additional risk factors in Item 1A.

Non-U.S. sales were $4,190 of our 2005 consolidated sales. Non-U.S. net income was $180, as compared to a consolidated net loss of $1,605 in 2005. These amounts include $14 of equity in earnings of international affiliates. More information can be found in Note 16 to our consolidated financial statements.

Customer Dependence

We have thousands of customers around the world and have developed long-standing business relationships with many of them. Ford and General Motors were the only individual customers accounting for 10% or more of our consolidated sales in 2005. We have been supplying products to these companies and their subsidiaries for many years. As a percentage of total sales from continuing operations, sales to Ford were approximately 26% in 2005, 2004 and 2003; sales to General Motors were 11%, 11% and 10% in 2005, 2004 and 2003 while sales to Daimler Chrysler were 6%, 9% and 12% in 2005, 2004 and 2003. PACCAR, Navistar, Renault-Nissan, Volvo Truck and Toyota represent our next five largest customers and in the aggregate accounted for approximately 20% and 18% of our 2005 and 2004 revenues.

Loss of all or a substantial portion of our sales to Ford, General Motors 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 that the lost volume would be replaced. We continue to work to diversify our customer base and geographic footprint.

Table of Contents

Products

Sales of our business units by class of product for the last three years are as follows:

	Percentage of Consolidated Sales		
	2005	2004	2003
ASG			
Traction (Axle)	28.3%	29.4%	30.2%
Torque (Driveshaft)	13.1	13.4	13.3
Structures	14.6	13.8	12.7
Sealing	7.8	8.1	8.3
Thermal	3.6	4.0	5.3
Other	1.5	0.5	0.6
Total ASG	68.9	69.2	70.4
HVTSG			
Traction (Axle)	23.5	22.4	19.5
Torque (Driveshaft)	3.4	3.4	3.5
Other	3.8	3.8	5.4
Total HVTSG	30.7	29.6	28.4
Other	0.4	1.2	1.2
TOTAL	100.0%	100.0%	100.0%

Sources and Availability of Raw Materials

We use a variety of raw materials in the production of our products, including steel and products containing steel, forgings, castings and bearings. Other commodity purchases include aluminum, brass, copper and plastics. Our operating units purchase most of the raw materials they require from suppliers located within their local geographic regions. Generally, these materials are available from multiple qualified sources in quantities sufficient for our needs. However, some of our operations are dependent on single sources for some raw materials as a result of the consolidations we have been making in our supply base in an effort to manage and reduce our production costs. While our suppliers have generally been able to support our needs, our operations may experience shortages and delays in the supply of raw material, from time to time, due to strong demand, capacity limitations and other problems experienced by the suppliers. A significant or prolonged shortage of critical components from any of our suppliers could adversely impact our ability to meet our production schedules and to deliver our products to our customers when they have requested them.

We face supplier issues related to our bankruptcy regarding our suppliers' concern over non-payment of pre-petition services and products and the uncertainty created by a bankruptcy filing. This could affect our ability to negotiate new contracts and terms with our suppliers on an ongoing basis.

High steel and other raw material costs, primarily resulting from limited capacity and high demand had a major adverse effect on our results of operations during 2005, as discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Seasonality

Our businesses are generally not seasonal. However, our sales are closely related to the production schedules of our OEM customers and historically those schedules have been weakest in the third quarter of the year. Additionally, international customers typically shut down production during portions of the second and fourth quarters of each year.

Backlog

A substantial amount of the business we are awarded by OEMs is granted well in advance of the program launch. These awards typically extend through the life of the given platform. Our backlog, which reflects estimated future revenues from signed contracts, is based on the projected remaining volume under these programs. See New Business in Item 7 for additional comments related to the awarding of business.

Competition

Within each of our market 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 price, product quality, technology, 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. We are also one of the leading independent suppliers of sealing systems (gaskets and cam covers) and thermal management (thermal acoustical shields, heat exchangers and small radiators). 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.

Heavy Vehicle Technologies and Systems Group — We are one of the primary independent suppliers of axles, driveshafts and other products for both the medium- and heavy-truck markets, as well as various off-highway segments. We also specialize in the manufacturing of off-highway transmissions. Our primary competition in North America includes ArvinMeritor in the medium- and heavy-truck markets. Major competitors in Europe include OEMs' vertically integrated operations in the heavy-truck markets, as well as Carraro, ZF Group and OEMs' 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 that 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. We are involved with many product lines and the loss or expiration of any particular patent would not materially affect our sales and profits.

We own or have licensed numerous trademarks that are registered in many countries, enabling us to market our products worldwide. For example, our Spicer®, Victor Reinz® and Long® trademarks are widely recognized in their respective industries.

Research and Development

From the company's introduction of the automotive universal joint in 1904, Dana has been focused on technological innovation. Our objective is to be an essential partner to our customers and remain highly focused on offering superior product quality and technologically advanced products 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.

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 innovative products that meet customer requirements for 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. At December 31, 2005,

Table of Contents

ASG had six technical centers and HVTSG had two. Our spending on engineering, research and development and quality control programs was $275 in 2005, $269 in 2004 and $252 in 2003.

Our engineers are helping to develop and commercialize is fuel cell components and sub-systems by working with a number of leading light-vehicle manufacturers in this area. Specifically, we are developing fuel-cell stack components, such as metallic and composite bipolar plates; balance-of-plant technologies, particularly thermal management sub-systems with heat exchangers and electric pumps; and fuel-processor components and sub-systems.

Employment

Our worldwide employment (including consolidated subsidiaries) was approximately 44,000 people at December 31, 2005. This includes approximately 9,800 employees in the three businesses (engine hard parts, fluid products and pump products) to be divested, which are classified as discontinued operations, as well as 1,000 employees that could be affected by workforce reductions and plant closures in 2006.

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 materially adverse effect on our earnings or competitive position in 2005. We do not anticipate that future environmental compliance costs will be material. See Notes 1 and 13 to our consolidated financial statements for additional information.

Executive Officers

The following table contains information about our current executive officers. Messrs. Burns, DeBacker, Hiltz, Miller and Stanage are members of Dana's Executive Committee, which is responsible for our corporate strategies and partnership relations and for the development of our people, policies and philosophies.

Name	Age	Title
Michael J. Burns	54	Chairman of the Board, Chief Executive Officer, President and Chief Operating Officer
Michael L. DeBacker	59	Vice President, General Counsel and Secretary
Richard J. Dyer	50	Vice President and Chief Accounting Officer
Kenneth A. Hiltz	53	Chief Financial Officer
Paul E. Miller	54	Vice President — Purchasing
Nick L. Stanage	47	President — Heavy Vehicle Products

Mr. Burns has been our Chief Executive Officer (CEO), President and a director of the company since March 2004 and our Chairman of the Board and Chief Operating Officer since April 2004. He was previously President of General Motors Europe from 1998 to 2004.

Mr. DeBacker has been a Vice President of Dana since 1994 and our General Counsel and Secretary since 2000. He is also our Chief Compliance Officer.

Mr. Dyer has been a Vice President since December 2005 and our Chief Accounting Officer since March 2005. He was Director of Corporate Accounting from 2002 to 2005 and Manager, Corporate Accounting from 1997 to 2002.

Mr. Hiltz has been our Chief Financial Officer (CFO) since March 2006. He served as CFO at Foster Wheeler Ltd. (a global provider of engineering services and products) from 2003 to 2004 and as Chief Restructuring Officer and CFO of Hayes Lemmerz International, Inc. (a global supplier of automotive and commercial wheels, brakes, powertrain, suspension, structural and other lightweight components) from 2001 to 2003. Mr. Hiltz has been a Managing Director of AlixPartners LLC (a financial advisory firm specializing in performance improvement and corporate turnarounds) since 1991.

Mr. Miller has been our Vice President — Purchasing since joining Dana in May 2004. He was formerly employed by Delphi Corporation (a global supplier of vehicle electronics, transportation components, integrated systems and modules and other electronic technology) where he was employed at Delphi Packard Electric Systems as Business Line Executive, Electrical/ Electronic Distribution Systems from 2002 to 2004, and at Delphi Delco Electronics Systems as General Director — Sales, Marketing and Service from 2001 to 2002 and Executive Director International Regions — Sales and Marketing from 1998 to 2001.

Mr. Stanage has been President, Heavy Vehicle Products since December 2005. He joined Dana in August 2005 as Vice President and General Manager of our Commercial Vehicle Group. He was formerly employed by Honeywell International (a diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; turbochargers; and specialty materials), where he served as Vice President and General Manager of the Engine Systems & Accessories Division during 2005, and in the Customer Products Group as Vice President, Integrated Supply Chain & Technology from 2003 to 2005 and Vice President, Operations from 2001 to 2003.

All of our executive officers were re-appointed to their positions by our Board at its annual organizational meeting in April 2006 and serve at the Board's pleasure.

Available Information

Our annual reports 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) are available on or through our Internet website (http://www.dana.com/investors) as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the Securities and Exchange Commission (SEC). We also post our *Board Governance Principles, Directors' Code of Conduct*, Board Committee membership lists and charters, *Standards of Business Conduct* and other corporate governance materials at this website address. Copies of these posted materials are available in print, free of charge, to any shareholder upon request from: Investor Relations Department, P.O. Box 1000, Toledo, Ohio 43697; or via telephone at 419-535-4635 or e-mail at InvestorRelations@dana.com.

Item 1A. *Risk Factors*

General

We may be impacted by events and conditions that affect the automotive, commercial vehicle and off-highway industries that we serve, as well as by factors specific to our company. Some risks are interrelated and it is possible that some risks could trigger other risks described below. Among the risks that could materially adversely affect our business, financial condition or results of operations are the following.

Dana Corporation and forty of its wholly-owned subsidiaries filed for reorganization under Chapter 11 of the Bankruptcy Code on March 3, 2006 and are subject to the risks and uncertainties associated with the Bankruptcy Cases. For the duration of the Bankruptcy Cases, our operations and our ability to execute our business strategy will be subject to the risks and uncertainties associated with bankruptcy. These risks include our ability to continue as a going concern; operate within the restrictions and the liquidity limitations of the DIP facility; obtain Bankruptcy Court approval with respect to motions filed in the Bankruptcy Cases from time to time; develop, prosecute, confirm and consummate a plan of reorganization; obtain and maintain normal terms with suppliers and service providers and maintain contracts that are critical to our operations; attract, motivate and retain key employees; attract and retain customers; and fund and execute our business plan. We will also be subject to risks and uncertainties with respect to the actions and decisions of the creditors and other third parties who have interests in the Bankruptcy Cases that may be inconsistent with our plans.

These risks and uncertainties could affect our businesses and operations in various ways. For example, negative events or publicity associated with the Bankruptcy Cases could adversely affect our sales and relationships with our customers, as well as with suppliers and employees, which in turn could adversely affect our operations and financial condition. Also, pursuant to the Bankruptcy Code, we need Bankruptcy Court approval for transactions outside the ordinary course of business, which may limit our ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Bankruptcy Cases, we cannot predict or quantify the ultimate impact that events occurring during the reorganization process will have on our business, financial condition and results of operations and there is no certainty about our ability to continue as a going concern.

As a result of the Chapter 11 filing, realization of assets and liquidation of liabilities are subject to uncertainty. While operating under the protection of Chapter 11 of the Bankruptcy Code, and subject to Bankruptcy Court approval or otherwise as permitted in the normal course of business, we may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those reflected in the consolidated financial statements. Further, a plan of reorganization could materially change the amounts and classifications reported in the consolidated historical financial statements, which do not give effect to any adjustments to the carrying value of assets or amounts of liabilities that might be necessary as a consequence of confirmation of a plan of reorganization.

The DIP facility includes financial and other covenants that impose substantial restrictions on the Debtors' financial and business operations. The DIP facility includes financial covenants that, among other things, require us to achieve certain levels of EBITDAR (earnings before interest, taxes, depreciation, amortization and restructuring and reorganization related costs, as defined in the facility). For additional information about the financial covenants, see Note 17 to our consolidated financial statements. If we are unable to achieve the results that are contemplated in our business plan, we may be unable to comply with the EBITDAR covenant.

Furthermore, the DIP facility restricts our ability, among other things, to contract or incur additional indebtedness, pay dividends, make investments (including acquisitions) or sell assets. If we fail to comply with the covenants in the DIP facility and are unable to obtain a waiver or amendment of the DIP facility, an event of default will occur thereunder. The DIP facility contains other events of defaults customary for DIP financings, including a change of control.

Our business is subject to being adversely affected by the cyclical nature of the vehicular markets we serve. Our financial performance depends, in large part, on the varying conditions in the global automotive and commercial vehicle OE markets that we serve. Demand in these global automotive, commercial vehicle and off-highway OE markets fluctuates in response to overall economic conditions and is particularly sensitive to changes in interest rate levels and changes in fuel costs.

Changes in national and international economic conditions that affect our markets may adversely impact our sales. Higher gasoline prices in 2005 have contributed to weaker demand for certain vehicles for which we supply components, especially full-size sport utility vehicles (SUVs). Continued increases in the price of gasoline could weaken further the demand for such vehicles and accelerate recent consumer interest in crossover utility vehicles (CUVs) in preference to SUVs. This would have an adverse effect on our business, as our content on CUVs is less significant than our content on SUVs.

Our sales may be adversely affected by the change in emission standards for commercial vehicles in the U.S. in 2007. More stringent heavy-truck emissions regulations will take effect in 2007 in the U.S. commercial truck market. We believe that 2006 will again be a strong year for the heavy-truck sales in advance of the new standards, which will add cost to the vehicles, but we are projecting that demand will decline significantly in 2007 after the pre-buying, and this decline could have a material adverse effect on our business.

We are reliant upon sales to a few significant customers. Sales to Ford, GM and DaimlerChrysler were 43% of our overall revenue in 2005, while sales to PACCAR (Kenworth/ Peterbuilt), International (Navistar), Renault-Nissan, Volvo Truck and Toyota accounted for another 20%. Changes in our business

relationships with these customers and in the timing, size and continuation of their various programs could have an adverse impact on us. The loss of any of these customers, the loss of business with respect to one or more of their vehicle models that use our products, or a significant decline in the production levels of such vehicles could have an adverse effect on our business, results of operations and financial condition.

We are faced with continued price reduction pressure from our OEM customers. A challenge that we and other suppliers to the vehicular markets face is the effect of continued price reduction pressure from our customers. Our largest customers, the U.S.-based light vehicle OEMs, in particular have experienced market share erosion to non-U.S.-based light vehicle manufacturers over the past few years, which has put pressure on their profitability. In response, they continue to seek price reductions from their suppliers.

We could be adversely impacted by changes in the volume and mix of vehicles containing our products. Our results depend not only on the volume of products we sell, but the overall product mix. Certain products are more profitable than others. Shifts in demand away from our higher margin products could adversely affect our business. While we are continually bidding and quoting on new business opportunities to add to our book of new business and are focused on profitable, revenue growth that will generate targeted returns, there can be no assurance that our efforts will be successful.

Further automotive supplier bankruptcies or labor unrest may disrupt the supply of components to our OEM customers, adversely affecting their demand for our products. The bankruptcy or insolvency of other automotive suppliers or work stoppages or slowdowns due to labor unrest that may affect these suppliers or our OEM customers could lead to supply disruptions that could have an adverse effect on our business.

The evolving nature of the competitive environment in the OE automotive and commercial vehicle sectors could adversely affect us. In recent years, the competitive environment among suppliers to the global OE manufacturers has changed significantly as these manufacturers have sought to outsource more vehicular components, modules and systems and to develop suppliers outside the U.S. In addition, these sectors have experienced substantial consolidation. There is no assurance that new or larger competitors will not significantly impact our business, results of operations and financial condition.

We continue to face high commodity costs (including steel, other raw materials, and energy) that we cannot recoup in our product pricing. Increasing commodity costs continued to have a significant impact on our results, and those of others in our industry, in 2005. Steel surcharges and higher steel prices resulting from ongoing limited steel production capacity and high demand reduced our pre-tax income in our continuing operations by $196 in 2005.

We may not be able to complete the divestiture of our non-core engine hard parts, fluid products and pump products businesses in the current market atmosphere. We announced in late 2005 that three businesses (engine hard parts, fluid products and pump products) would be divested and classified them as discontinued operations in our financial statements during the fourth quarter. The abundance of assets currently available for sale in the automotive industry could affect our ability to complete these divestitures and/or the proceeds that we are ultimately able to derive from these transactions. Moreover, while we are in Chapter 11, there may be limitations on the terms and conditions that we can offer to potential purchasers of these operations. Failure to complete these strategic transactions could place further pressure on our profitability and cash flow as well as our ability to focus on our core businesses.

We may be unable to complete the operational restructuring in our Automotive Systems Group and our Commercial Vehicle business and the dissolution of our Mexican joint venture with DESC, or to achieve projected cost savings and improved operational efficiencies. The operational restructuring in ASG and the dissolution of our Mexican joint venture are designed to balance capacity, enhance manufacturing efficiencies, and take advantage of lower cost locations. We are also implementing a number of cost savings programs and productivity improvement initiatives, such as lean manufacturing and VA/ VE (value-added/value engineering programs) in our operations. Successful implementation of these initiatives is critical to our future competitiveness and ability to improve our profitability. However, there can no assurances that these efforts will be successful in this regard.

We could be adversely affected if we experience shortages of components from our suppliers. We spend approximately $4,500 annually for purchased goods and services. To manage and reduce these costs, we have been consolidating our supply base. As a result, we are dependent on single sources of supply for some components of our products. We select our suppliers based on total value (including price, delivery and quality), taking into consideration their production capacities and financial condition, and we expect that they will be able to support our needs. However, there can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of components to us. If we were to experience a significant or prolonged shortage of critical components from any of our suppliers, particularly those who are sole sources, and were unable to procure the components from other sources, we would be unable to meet our production schedules for some of our key products and to ship such products to our customers in timely fashion, which would adversely affect our revenues, margins and customer relations.

We could be adversely affected by our asbestos-related product liability claims. We have exposure to asbestos-related claims and litigation because, in the past, some of our automotive products contained asbestos. At the end of 2005, we had approximately 77,000 active pending asbestos-related product liability claims, including 10,000 that were settled and awaiting documentation and payment. A substantial increase in the costs to resolve these claims or changes in the amount of available insurance could adversely impact us, as could the enactment of proposed U.S. federal legislation relating to asbestos personal injury claims.

We could be adversely impacted by environmental laws and regulations. Our operations are subject to U.S. and non-U.S. environmental laws and regulations governing emissions to air; discharges to water; the generation, handling, storage, transportation, treatment and disposal of waste materials; and the cleanup of contaminated properties. Currently, environmental costs with respect to our former and existing operations are not material, but there is no assurance that we will not be adversely impacted by such costs, liabilities or claims in the future, either under present laws and regulations or those that may be adopted or imposed in the future.

Item 1B. *Unresolved Staff Comments*

- -None-

Item 2. *Properties*

Facilities by Geographic Region

Type of Facility	North America	Europe	South America	Asia/ Pacific	Total
Corporate					
Offices	4	1			5
ASG					
Manufacturing/ Distribution	46	12	12	15	85
Engineering Centers	6				6
HVTSG					
Manufacturing/ Distribution	12	4	1	1	18
Engineering Centers	1	1			2
Total	69	18	13	16	116

At December 31, 2005, we had 116 major manufacturing/distribution, engineering and technical centers and office facilities in 28 countries worldwide. While we lease certain manufacturing/distribution operations, we own the majority of our facilities. We believe that all of our property and equipment is properly maintained and that we have sufficient capacity to meet our current manufacturing and distribution needs.

Our corporate headquarters are located in Toledo, Ohio and currently are comprised of three office facilities housing functions that have global responsibility for finance and accounting, treasury, risk management, legal, human resources, procurement and supply chain management and information technology. Our obligations under the DIP facility are secured by, among other things, mortgages on our domestic plants.

Item 3. ***Legal Proceedings***

On March 3, 2006, Dana Corporation and forty of its wholly-owned subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code, as discussed in Item 1. Under the Bankruptcy Code, the filing of a petition automatically stays most actions against the Debtors, including most actions to collect pre-petition indebtedness or to exercise control over the property of our bankruptcy estates. Substantially all of our pre-petition liabilities will be resolved under our plan of reorganization if not otherwise satisfied pursuant to orders of the Bankruptcy Court.

We are a party to the pre-petition shareholder lawsuits and derivative actions described below, as well as various pending judicial and administrative proceedings arising in the ordinary course of business, including both pre-petition and subsequent proceedings. After reviewing the currently pending lawsuits and proceedings (including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage and surety bonds and our established reserves for uninsured liabilities), we do not believe that any liabilities that may result are reasonably likely to have a materially adverse effect on our liquidity, financial condition or results of operations.

Shareholder Class Action and Derivative Actions — Dana and certain of our current and former officers are defendants in five purported class actions filed in the U.S. District Court for the Northern District of Ohio (the District Court) in the fourth quarter of 2005 which have now been consolidated under the caption *Howard Frank v. Dana Corporation, et al.* The plaintiffs in the consolidated case allege violations of the U.S. securities laws arising from the issuance of false and misleading statements about Dana's financial performance and failures to disclose material facts necessary to make these statements not misleading, the issuance of financial statements in violation of generally accepted accounting principles and SEC rules and the issuance of earnings guidance that had no reasonable basis. The plaintiffs' claim that the price at which Dana's shares traded at various times was artificially inflated as a result of the defendants' alleged wrongdoing. The defendants believe the allegations in this case are without merit. We have advised the District Court that the claims in this case cannot proceed against Dana because of the automatic stay provisions of the Bankruptcy Code. On March 27, 2006, the District Court appointed the City of Philadelphia Board of Pensions & Retirement as lead plaintiff in this case. The appointment is subject to a pending motion for reconsideration subsequently filed by another plaintiff.

Certain of our directors and current and former officers are also defendants in three derivative actions filed in the District Court in 2006: *Qun James Wang v. Benjamin F. Bailar, et al.*, (filed on January 31) and *Roberta Casden v. Michael J. Burns, et al.* and *Staehr v. Michael J. Burns, et al.* (both filed on March 2). The plaintiffs in these actions allege breaches of the defendants' fiduciary duties to Dana arising from the same facts as those on which the above consolidated shareholder class action is based. The plaintiffs also assert a common law claim for unjust enrichment and a claim against the current and former officers under Section 304 of the Sarbanes-Oxley Act of 2002. In addition, in an amended complaint filed in the *Casden* action, additional claims were asserted that, among other things, characterized Dana's bankruptcy filing as having been made in bad faith. Dana and the defendants in these actions have advised the District Court that the claims in these actions are the property of the company's bankruptcy estate and that further efforts by the plaintiffs to exercise control over such claims are stayed under the Bankruptcy Code. By order filed April 11, 2006, the District Court has directed the plaintiffs to show cause by May 1, 2006 why these actions should not be stayed.

SEC Investigation — In September 2005, we reported that management was investigating accounting matters arising out of incorrect entries related to a customer agreement in our Commercial Vehicle business unit and that our Audit Committee had engaged outside counsel to conduct an independent investigation

of these matters as well. Outside counsel informed the SEC of the commencement, nature and scope of the independent investigation and volunteered full cooperation with the Staff of the SEC. During October and November 2005, we reported the preliminary findings of the ongoing investigations and the determination that we would restate our financial statements for the first two quarters of 2005 and for the years 2002 through 2004. On December 30, 2005, we filed amended reports containing restated financial statements for these periods. The Audit Committee's investigation concluded at about the same time. Throughout the period of the Audit Committee's investigation, its outside counsel cooperated with the SEC Staff, supplied information requested by the Staff and met or spoke with the Staff periodically. In January 2006, we learned that the SEC had issued a formal order of investigation with respect to matters related to our restatements. The SEC's investigation is a non-public, fact-finding inquiry to determine whether any violations of the law have occurred. This investigation has not been suspended as a result of our bankruptcy filing. We will continue to cooperate fully with the SEC in the investigation.

Environmental Proceedings — We previously reported an environmental proceeding in which the U.S. Department of Justice (DOJ) proposed a consent order and a fine in connection with alleged violations of the U.S. Clean Water Act at our Harvey Street facility in Muskegon, Michigan. We have agreed to undertake certain supplemental environmental projects to reduce or offset the amount of the proposed fine and the DOJ has reduced the fine to a de minimus amount, taking into account some of these projects and other mitigating factors. We have signed the consent order and are waiting for the DOJ to finalize it.

Other Information — You can find more information about our legal proceedings in Item 7 and in Note 13 to our consolidated financial statements.

Item 4. ***Submission of Matters to A Vote of Security Holders***

- -None-

Table of Contents

PART II

Item 5. ***Market For Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Effective March 3, 2006, Dana's common stock has been traded on the Over The Counter Bulletin Board (OTCBB) under the symbol "DCNAQ." Our stock was formerly listed on the New York and Pacific Stock Exchanges.

While we continue our reorganization under Chapter 11, investments in our securities will be highly speculative. Shares of our common stock may have little or no value and there can be no assurance that they will not be cancelled pursuant to our reorganization plan.

Information regarding the quarterly ranges of our stock price and dividends declared and paid during 2005 and 2004 is presented in the following table.

	Stock Price						Cash Dividends Declared and Paid	
	2005			2004				
Quarter Ended	High	Low	Close	High	Low	Close	2005	2004
March 31	$17.56	$12.23	$12.79	$23.20	$17.65	$19.86	$ 0.12	$ 0.12
June 30	15.45	10.90	15.01	22.00	17.32	19.60	0.12	0.12
September 30	17.03	8.86	9.41	19.75	16.50	17.69	0.12	0.12
December 31	9.53	5.50	7.18	18.59	13.86	17.33	0.01	0.12

The following table provides information about our purchases of equity securities during the quarter ended December 31, 2005:

Month Ended	Total Number of Shares Purchased	Average Price Paid per Share
October 31, 2005	—	$ —
November 30, 2005		
December 31, 2005	154	6.96
	154	$ 6.96

Table of Contents

Item 6. ***Selected Financial Data***

For the Years Ended December 31,	2005	2004	2003	2002	2001
Net sales	$ 8,611	$ 7,775	$ 6,714	$ 6,276	$ 6,207
Cost of sales	8,205	7,189	6,123	5,690	5,634
Pre-tax income (loss) of continuing operations	(285)	(165)	62	(85)	(233)
Income (loss) from continuing operations	(1,175)	72	155	18	(125)
Income (loss) from discontinued operations	(434)	(10)	73	49	(136)
Effect of change in accounting	4			(220)	
Net income (loss)	(1,605)	62	228	(153)	(261)
Earnings (loss) per common share — basic					
Continuing operations	$ (7.86)	$ 0.48	$ 1.05	$ 0.12	$ (0.85)
Discontinued operations	(2.90)	(0.07)	0.49	0.33	(0.92)
Effect of change in accounting	0.03			(1.49)	
Net income (loss)	(10.73)	0.41	1.54	(1.04)	(1.77)
Earnings (loss) per common share — diluted					
Continuing operations	$ (7.86)	$ 0.48	$ 1.04	$ 0.12	$ (0.85)
Discontinued operations	(2.90)	(0.07)	0.49	0.33	(0.92)
Effect of change in accounting	0.03			(1.48)	
Net income (loss)	(10.73)	0.41	1.53	(1.03)	(1.77)
Cash dividends per common share	$ 0.37	$ 0.48	$ 0.09	$ 0.04	$ 0.94
Common Stock Data					
Average number of shares outstanding (in millions)					
Basic	150	149	148	148	148
Diluted	151	151	149	149	148
Stock price					
High	$ 17.56	$ 23.20	$ 18.40	$ 23.22	$ 26.90
Low	5.50	13.86	6.15	9.28	10.25
Close	7.18	17.33	18.35	11.76	13.88

	As of December 31,				
	2005	2004	2003	2002	2001
Summary of Financial Position					
Total assets	$ 7,386	$ 9,019	$ 9,485	9,515	$ 10,124
Short-term debt	2,578	155	493	287	1,120
Long-term debt	67	2,054	2,605	3,215	3,008
Total shareholders' equity	545	2,411	2,050	1,450	1,913
Book value per share	3.63	16.19	13.85	9.79	12.93

We reported a change in accounting for warranty expense in 2005 and also adopted new accounting guidance related to recognition of asset retirement obligations. See Note 1 for additional information related to these changes in accounting, as well as a discussion regarding our ability to continue as a going concern.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations (in millions)***

Overview

General

We are a leading supplier of axle, driveshaft, frame, sealing and thermal products. Our people design and manufacture products for every major vehicle producer in the world. We are focused on being an essential partner to light automotive, commercial truck and off-highway vehicle customers. We employ 44,000 people in 28 countries with world headquarters in Toledo, Ohio. Our Internet address is: www.dana.com.

Reorganization Proceedings under Chapter 11 of the Bankruptcy Code

In March 2006, Dana Corporation and forty of its wholly-owned domestic subsidiaries (the Debtors) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. We intend to continue normal business operations during the Bankruptcy Cases while we evaluate our business both financially and operationally and implement comprehensive improvements as appropriate to enhance performance. We intend to proceed with previously announced divestiture and restructuring plans, which include the sale of several non-core businesses, the closure of certain facilities and the shift of production to lower-cost locations. In addition, we intend to take steps to reduce costs, increase efficiency and enhance productivity so that we emerge from bankruptcy as a stronger, more viable company. We intend to effect fundamental, not incremental, change to our business. While we cannot predict with precision how long the reorganization process will take, it could take upwards of 18 to 24 months.

Several external factors have severely impacted our operations and financial performance and ultimately prompted liquidity pressures that necessitated the filing of the Bankruptcy Cases. Among other things, we have faced a continued decline in the market share of our largest customers — U.S.-based OEMs, including Ford and GM — which has resulted in declining sales volumes and increased pricing pressures from the OEMs; continued high commodity prices, including costs of steel and other raw materials; rising energy costs; the tightening of available trade credit; the increased cost of capital and global economic factors. These factors have not affected us in isolation, but are a symptom of a much broader downturn in the U.S. automotive market.

The Bankruptcy Court has granted final approval to our debtor-in-possession (DIP) credit facility, under which we may borrow up to $1,450. This facility provides us funding to continue our operations without disruption and meet our obligations to suppliers, customers and employees during the Chapter 11 reorganization process. The Bankruptcy Court has also entered a variety of orders designed to permit us to continue to operate on a normal basis post-petition. These include orders authorizing us to continue our consolidated cash management system, pay employees their accrued pre-petition wages and salaries, honor our obligations to our customers and pay some or all of the pre-petition claims of non-U.S. vendors and certain suppliers that are critical to our continued operation, subject to certain restrictions.

An official committee of unsecured creditors has been appointed in the Bankruptcy Cases and, in accordance with the provisions of the Bankruptcy Code, will have the right to be heard on all matters that come before the Bankruptcy Court.

While we continue our reorganization under Chapter 11, investments in our securities will be highly speculative. Shares of our common stock may have little or no value and there can be no assurance that they will not be cancelled pursuant to the reorganization plan.

We anticipate that substantially all of the Debtor's liabilities as of the Filing Date will be resolved under, and treated in accordance with, a plan of reorganization to be proposed to and voted on by their creditors in accordance with the provisions of the Bankruptcy Code. Although we intend to file and seek confirmation of such a plan, there can be no assurance as to when we will make such a filing or that such plan will

be confirmed by the Bankruptcy Court and consummated. Nor can there be any assurance that we will be successful in achieving our restructuring goals, or that any measures that are achievable will result in sufficient improvement to our financial position. Accordingly, until the time that the Debtors emerge from bankruptcy, there will be no certainty about our ability to continue as a going concern. If a restructuring is not completed, we could be forced to sell a significant portion of our assets to retire debt outstanding or, under certain circumstances, to cease operations.

Business

Our products are managed globally through two market-focused business units — the Automotive Systems Group (ASG) and Heavy Vehicle Technologies and Systems Group (HVTSG). ASG primarily supports the OEMs of light vehicles, including light trucks (sport utility vehicles, pickup trucks, crossover vehicles and vans) and passenger cars, and manufactures driveshafts for the commercial vehicle market. HVTSG supports the medium-duty and heavy-duty commercial truck (Class 5 through Class 8), bus and off-highway vehicle markets, with more than 90% of its sales in North America and Europe. The primary markets for off-highway vehicles are construction and agriculture.

Our products are designed and manufactured to surpass our customers' needs and help improve overall vehicle performance in areas such as ride and handling, safety, emissions, fuel economy and controlled noise, vibration and harshness.

This management discussion and analysis (MD&A) should be read in conjunction with our consolidated financial statements and the accompanying notes appearing in Item 8.

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 our outlook for 2006, are shown below.

	Production in Units			
	Dana's Outlook	Actual		
	2006	2005	2004	2003
Light vehicle (in millions):				
North America	15.6	15.8	15.8	15.9
Europe	22.1	21.8	21.7	19.6
Asia Pacific	25.3	23.7	22.2	20.5
South America	3.0	2.8	2.5	1.9
North American commercial vehicle (in thousands):				
Medium-duty (Class 5-7)	231	251	225	196
Heavy-duty (Class 8)	338	333	263	177
Off-Highway (in thousands)*				
North America	361	353	325	281
Western Europe	447	453	450	452
Asia-Pacific	564	549	526	480
South America	73	69	65	61

* Wheeled vehicles in construction, agriculture, mining, material handling and forestry applications.

Trends in Our Markets

Production, Inventory, and Overall Market Share Decline of the "Big Three" in North American Market — North American light-vehicle production levels for 2005 were comparable to those of 2004 at 15.8 million units. The mix of passenger cars and light trucks demonstrated a recent trend as light-truck production declined 1.9% and passenger car production increased 2.8% when compared to 2004 levels.

This trend continued in the first quarter of 2006. North American light-vehicle production levels were up about 4.2% overall with light truck production down about 2.7% and passenger car production up about 14% when compared to the same period in 2005.

Negatively impacting us as well has been a continuing market share decline experienced by our two largest customers - Ford Motor Company (Ford) and General Motors Corporation (General Motors). While overall light-truck production was down 1.9% in 2005, production of both Ford and General Motors light trucks was down about 10%. During the first quarter of 2006, GM production was up 7.1% owing in part to the accelerated launch of the new GMT 900 program, while Ford light truck production was down 14.1% year over year.

Throughout most of the first half of 2005, inventories of light vehicles and passenger cars were higher than historic levels. Ford, General Motors and DaimlerChrysler AG (DaimlerChrysler) continued using incentive programs to stimulate sales during the second half of 2005, resulting in a reduction of inventory levels. At December 31, 2005, inventories of overall U.S. light-duty vehicles stood at 65 days of supply, 3% above the five-year average, although light vehicle inventories at Ford, GM and DaimlerChrysler remained higher than average. At March 31, 2006, light vehicle inventories were in line with production, about 4.5% above the seasonal average of 69 days. Inventory of light trucks, however, was at 78 days while that of passenger cars was at 57 days.

Changing Consumer Preferences — Light trucks comprise our primary business within the light vehicle market. In recent years, light truck sales have generally been stronger than those of passenger cars as consumer interest in SUVs and CUVs increased. More recently, however, the higher price of gasoline has negatively impacted the traditional light truck market. The SUVs have experienced a significant drop in demand, largely attributable to rising fuel prices and an increased interest in CUVs and to a lesser extent in passenger cars.

OEM Pricing Pressures — As light trucks have been important to the profitability of companies like Ford and General Motors, the decline in production and recent use of incentives have exerted increased pressure on their financial performance. As a result, we and other suppliers in the light vehicle market face the challenge of continued price reduction pressure from these customers.

High Commodity Prices — The increased cost of steel, other raw materials and energy has had a significant adverse impact on our results and those of others in our industry for the past two years. With steel in particular, suppliers began assessing price surcharges and increasing base prices during the first quarter of 2004 and these have continued throughout 2005. While leverage is clearly on the side of the steel suppliers at the present time, we have taken actions to mitigate the impact by consolidating purchases, taking advantage of OEMs' resale programs where possible, finding new global steel sources, identifying alternative materials and re-designing our products to be less dependent on steel. We are also working with our customers to recover the increases in the cost of steel, either in the form of increased selling prices or reductions in price-downs that they expect from us.

Steel cost surcharges and base price increases, net of recoveries from our customers, reduced our before-tax profit by approximately $209 and $114 in 2005 and 2004. These impacts were determined by comparing current pricing to base steel prices in effect at the beginning of 2004. The higher impact of steel costs during 2005 also included the cost of finalizing contract settlements with certain suppliers that applied to 2004 purchases.

2007 Heavy-Duty Truck Emissions Regulations — Unlike the light vehicle market, the commercial vehicle market is relatively strong. In North America - our biggest market - Class 8 production in 2005 increased approximately 27% over 2004 levels and medium-duty production was up 12% on a similar basis. During the first quarter of 2006, medium-duty and heavy-duty production levels were up approximately 2% and 11%, respectively, when compared to the same period in 2005. Inventories of commercial vehicles have been relatively stable and there is a strong order backlog.

More stringent heavy-truck emissions regulations will take effect in 2007 in the U.S. We expect 2006 will again be a strong year in the heavy-truck market. Our annual production outlook is 338,000 Class 8

units, due to pre-buying in advance of the effective date of the new emissions regulations. The expectation is that production will decline in 2007 as a result.

Customer and Supplier Bankruptcies — Another issue facing our markets is both supplier and customer bankruptcies. Bankruptcies in our industry can be very disruptive to pricing patterns and can create a potential for supply disruptions or credit exposures.

New Business

A continuing major focus for us is growing our revenue through new business. In the OEM vehicular business, new business programs are generally awarded to suppliers well in advance of the expected start of production of a new model/platform. 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 usually coincides with model changes on the part of vehicle manufacturers. Given the OEMs' cost and service concerns associated with changing suppliers, we expect to retain any awarded business over the model/platform life, typically several years.

In our markets, concentration of business with certain customers in certain geographic regions 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 manufacturers based outside of the U.S. over the past several years. We expect greater customer diversity as more of this business comes on stream and we gain additional business with such customers. Overall, broadening our global presence is increasingly important.

Net new business contributed approximately $500 to our 2005 sales and is expected to contribute another $400, $440 and $95 in 2006, 2007 and 2008. The majority of this net new business is outside North America with customers other than the traditional Detroit-based Big Three. We are pursuing a number of additional opportunities that could further increase our new business for 2006 and beyond.

United States Profitability

The decline in our profit outlook became apparent in the third quarter of 2005 with the convergence of the external factors discussed above, as well as internal factors. We were not able to achieve the expected level of cost reductions or improvements in manufacturing efficiencies during 2005. Continuing higher-than-expected costs for steel and other materials, as well as energy, were also factors. Although less significant, ASG's results have been impacted by lower-than-anticipated light vehicle production volumes on vehicles with significant Dana content.

During 2005, we recorded a valuation allowance against our net deferred U.S. tax assets, resulting in an $817 reduction to net income. Given the losses we have generated in recent years in the U.S. and the near-term prospects for continued losses, we concluded that it was not considered "more likely than not" that some portion or all of the recorded deferred tax assets would be realized in future periods. Until such time as we are able to sustain profitability in the U.S., any loss or profits attributable to the U.S. will not be "tax-effected," meaning that the before-tax profit or loss amount will flow through to net income.

Business Strategy

Our strategy is to operate efficiently as one integrated company focused on growing our core light- and heavy-duty drivetrain products (axles and driveshafts), structures, sealing and thermal businesses. This refocused product array will help us to better support our global automotive, commercial vehicle and off-highway markets. Our strategy also includes achieving much stronger cost and operating levels.

Our short-term strategy for 2006 is to continue normal business operations during the Bankruptcy Cases while we evaluate our business both financially and operationally and implement comprehensive improvements as appropriate to enhance performance. We have retained a third-party financial advisor and an investment banker to assist us in developing a Chapter 11 reorganization plan. We will utilize the reorganization process to help drive necessary change in our U.S. operations in furtherance of our

corporate strategy. We intend to effect fundamental, not incremental, change to our business. While we cannot predict with precision how long the reorganization process will take, it could take upwards of 18 to 24 months.

During 2006, we will continue to pursue the following strategies:

- Restructuring and consolidating manufacturing operations;
- Shifting more production to low-cost countries;
- Increasing the efficiency of production and non-production processes;
- Expanding sales with customers, particularly Asian and European light-vehicle manufacturers, non-NAFTA commercial vehicle customers and off-highway vehicle manufacturers to achieve a more balanced sales mix across our customer base;
- Narrowing our business and product focus by divesting non-core businesses.

These strategies will be evaluated periodically against the objectives of our reorganization goals, which are to improve near-term liquidity, conduct a thorough review of our business and implement changes to improve our operating and financial profile and modify our capital structure to match our profit and cash generating abilities.

More detail on each of our current corporate strategies follows:

Restructuring and consolidating manufacturing operations.

We will close two facilities in our Automotive Systems Group and shift production in several other operations to balance capacity and take advantage of lower cost locations:

- The Buena Vista, Virginia axle facility will be closed and its production consolidated into an existing facility in Dry Ridge, Kentucky.
- The Bristol, Virginia driveshaft facility will be closed and its production consolidated into our operations in Mexico.
- The assembly and component lines that support the steering shaft business in the Lima, Ohio driveshaft facility will also be moved to our operations in Mexico.

To enhance efficiency, logistics and throughput in our Commercial Vehicle business, we will undertake the following actions to balance capacity and enhance manufacturing efficiencies:

- Service parts activities at our principal commercial vehicle parts assembly facility in Henderson, Kentucky will be moved to our service parts operation in Crossville, Tennessee.
- Assembly activity will be increased at our facility in Monterrey, Mexico to improve throughput at the Henderson plant.
- Gear production will be increased at our operation in Toluca, Mexico to relieve constraints at our principal commercial vehicle gear plant in Glasgow, Kentucky.

Shifting production to low-cost countries such as Mexico, China and Hungary.

We signed a letter of intent in December of 2005 with DESC S.A. de C.V. under which we will acquire full ownership of several core operations based in Mexico. Under terms of the letter, Dana and DESC will dissolve their existing joint venture partnership, Spicer S.A. de C.V., with Dana assuming full ownership of operations that manufacture and assemble axles and driveshafts, as well as forging and foundry operations in which we currently hold an indirect 49% interest. DESC, in turn, will assume full ownership of the transmission and aftermarket gasket operations in which it currently holds a 51% interest. This transaction is subject to execution of a definitive purchase agreement and Bankruptcy Court approval.

In March 2005, Dana and Dongfeng Motor Co. Ltd. signed an agreement to form a joint-venture company to develop and produce commercial vehicle axles in China. This transaction is also subject to Bankruptcy Court approval.

We recently began assembling off-highway axles and transmissions in Gyor, Hungary. This new facility currently employs about 50 people in the assembly, testing, painting and packaging of axles and transmissions for agricultural and construction vehicles. These products are supporting both European customers and export markets.

Increasing the efficiency of production and non-production processes.

We will continue to focus on the day-to-day execution of our productivity and efficiency processes, which are critical to strengthening our performance. Lean manufacturing and Six Sigma teams are focused on increasing efficiencies and reducing costs in our production facilities. Value analysis/value engineering (VA/ VE) teams will continue to remove cost from products already being manufactured as well as those still in development.

Our support functions, including purchasing, information technology, finance and human resources, will continue their respective efficiency and cost-reduction efforts. These efforts have gained momentum as the support functions continue to shift to a centralized structure from the previously decentralized organizations. During 2005, we moved many of our administrative human resource functions to IBM under an outsourcing agreement. In a separate initiative, we have begun moving our purchasing resources to corporate shared service centers that are staffed internally.

Streamlining administrative processes and reducing headcount through attrition is expected to account for much of the targeted reduction in our salaried workforce of at least five percent in 2006. This reduction, coupled with changes to employee benefit plans, is expected to generate cost savings of more than $40 in 2006.

Expanding sales with certain customers to achieve a more balanced sales mix across our customer base.

While continuing to support Ford, General Motors and DaimlerChrysler, we will strive to further diversify our sales across our customer base. The opportunity here is illustrated by the fact that we already serve every major vehicle maker in the world — in the light, commercial and off-highway vehicle markets.

We have achieved double-digit sales growth with European and Asian light-vehicle manufacturers for the past several years. And these customers will account for six of the top ten product launches for our Automotive Systems Group in 2006. Our success on this front has been achieved in part through our expanding global operations and affiliates. Our people and facilities in Brazil, Argentina, Venezuela, Colombia, Uruguay, Thailand, Taiwan, Japan, India, China, Australia, South Africa, United Kingdom and Spain are actively supporting the global platforms of our foreign-based customers today.

Approximately 80 percent of our current book of net new business involves customers other than the traditional Big Three. Approximately 70 percent of these wins are outside North America.

For our Commercial Vehicle Systems business, which predominantly operates in North America, our proposed joint venture with Dongfeng would provide a great opportunity to grow its international sales.

Approximately two-thirds of our Off-Highway Systems Group's sales already occur outside North America and we will continue to aggressively pursue new business in this market.

Narrowing our business and product focus by divesting non-core businesses.

In order to more fully leverage our strengths and to secure acceptable profit levels, we intend to narrow the breadth of our product lines through the divestiture of three businesses: engine hard parts, fluid products and pump products. Collectively, these businesses employ approximately 9,800 people world-

wide and represent annual sales of approximately $1,200. These businesses were classified as discontinued operations during the fourth quarter of 2005.

Results of Operations — Summary

	For the Years Ended December 31,				
	2005	2004	2003	2005 to 2004 Change	2004 to 2003 Change
Net sales	$ 8,611	$ 7,775	$ 6,714	$ 836	$ 1,061
Cost of sales	$ 8,205	$ 7,189	$ 6,123	$ 1,016	$ 1,066
Selling, general and administrative expenses	500	416	452	84	(36)
Realignment charges	58	44		14	44
Goodwill impairment	53			53	
Interest expense	168	206	223	(38)	(17)
Total costs and expenses	$ 8,984	$ 7,855	$ 6,798	$ 1,129	$ 1,057
Gross margin	$ 406	$ 586	$ 591	$ (180)	$ (5)
Gross Margin less SG&A*	$ (94)	$ 170	$ 139	$ (264)	$ 31
Income (loss) from continuing operations	$ (1,175)	$ 72	$ 155	$ (1,247)	$ (83)
Income (loss) from discontinued operations	$ (434)	$ (10)	$ 73	$ (424)	$ (83)
Net income (loss)	$ (1,605)	$ 62	$ 228	$ (1,667)	$ (166)

* Net sales less cost of sales and selling, general and administration expenses (SG&A).

Results of Operations (2005 versus 2004)

Our 2005 net loss was significantly impacted by the following after-tax charges:

Valuation allowance against deferred tax assets	$ 817
Impairment charges associated with businesses held for sale	398
Goodwill impairment	53
Realignment charges	45
Net divestiture losses and other items	25
	$ 1,338

As discussed in Note 12 to our consolidated financial statements, during the third quarter of 2005, we determined that it was no longer more likely than not that future taxable income in the U.S. and U.K. would be sufficient to ensure realization of recorded net deferred tax assets. Accordingly, we provided a valuation allowance of $817 against the applicable net deferred tax assets in the U.S. and U.K. as of the beginning of 2005 and we have discontinued recognition of tax benefits from losses in these jurisdictions until such time that the U.S. and U.K. return to sustained profitability.

During the fourth quarter of 2005, we announced plans to sell our engine hard parts, fluid products and pump products businesses. These “held for sale” operations are now classified in the 2005 and prior-year financial statements as discontinued operations. The net effect of adjusting the net book value of these businesses to their expected net realizable value upon sale resulted in after-tax charges of $398.

Goodwill impairment charges of $53 were recorded during the fourth quarter of 2005 as part of our annual assessment of impairment. The realignment charges of $45, after tax, relate primarily to various facility closures announced during the fourth quarter of 2005. Divestiture losses and other charges of $25

resulted primarily from the third-quarter sale of a fuel rail business and dissolution of an engine bearings joint venture.

Our 2004 results also included significant after-tax charges that totaled $151, mostly relating to the sale of our AAG businesses in 2004. Discontinued operations in 2004 reflect a net loss of $43 on the sale of these businesses. In connection with the sale, we used a portion of the proceeds to repurchase certain outstanding notes that resulted in an after-tax charge of $96 reported in continuing operations. Sales of DCC assets and other divestitures produced net gains of $42, while realignment and other charges pertaining mostly to facility closures amounted to $54, of which $15 related to operations now classified as discontinued.

The above-mentioned charges were significant factors in the income (loss) from continuing operations and from discontinued operations in 2005 and 2004. Also contributing to the $1,247 reduction in income from continuing operations in 2005 as compared to 2004 was a $264 decline due to lower gross margins less SG&A. The remaining decline in income from continuing operations came principally from higher tax expense in 2005. Factors impacting gross margins less SG&A and taxes are discussed in the following sections.

Business Unit and Geographic Sales and Gross Margin Analysis (2005 versus 2004)

Net sales by our segments and geographic regions for 2005 and 2004 are presented in the following tables:

Geographical Sales Analysis

				Amount of Change Due To		
	2005	2004	Change Amount	Currency Effects	Acquisitions/ Divestitures	Organic Change
North America	$5,410	$5,218	$ 192	$ 63	$ (19)	$ 148
Europe	1,595	1,322	273	(3)		276
South America	835	542	293	86	(6)	213
Asia Pacific	771	693	78	21	41	16
Total	$8,611	$7,775	$ 836	$ 167	$ 16	$ 653

Business Unit Sales Analysis

				Amount of Change Due To		
	2005	2004	Change Amount	Currency Effects	Acquisitions/ Divestitures	Organic Change
ASG	$5,941	$5,384	$ 557	$ 152	$ 16	$ 389
HVTSG	2,640	2,299	341	15		326
Other	30	92	(62)			(62)
Total	$8,611	$7,775	$ 836	$ 167	$ 16	$ 653

Organic sales in 2005 increased $653, or 8%, primarily as a result of new business that came on stream in 2005 and a stronger heavy vehicle market. Net new business increased 2005 sales by approximately $320 in ASG and $180 in HVTSG. The remaining increase in 2005 was driven primarily by increased production levels in the heavy vehicle market. In commercial vehicles, most of our sales are to the North American market. Production levels of class 8 commercial trucks increased 27% in 2005, while medium duty class 5-7 truck production was up about 12%. The other heavy vehicle market we serve is the off-highway market where, unlike commercial vehicles, our sales are more globally dispersed. Global production of vehicles in our primary off-highway markets was higher by about 4% in 2005.

In our biggest market, the light vehicle market serviced by ASG, overall production levels were relatively flat. Our sales are mostly to the light truck segment of this market where 2005 production in North America declined about 2%, with the vehicles having larger Dana content being down even more. Light vehicle production levels in Europe were flat, with South America and Asia Pacific both being somewhat stronger.

Regionally, the North American sales increase is due to stronger commercial vehicle production levels in 2005 with some contributions from net new business. The currency related increase is due to a stronger Canadian dollar. The sales increase in Europe was due to net new business, principally in the off-highway market. Sales growth in South America resulted from higher production levels and net new business gains. A stronger Brazilian real was the primary factor in the currency related sales increase.

By business segment, the organic sales increase in ASG was almost entirely due to net new business of $320 that came on stream in 2005. Although ASG benefited by selling certain of its product into a stronger commercial vehicle market, its principal market — the North American light truck market — experienced lower production levels in 2005. In combination with the customary price reductions in this market, without the contribution of net new business in 2005, sales in the light vehicle market were lower. The HVTSG group, on the other hand, benefited from both net new business, principally in the off-highway business and the previously mentioned stronger overall production levels in 2005.

The chart below shows our business unit margin analysis:

Margin Analysis

	As a Percentage of Sales		
	2005	**2004**	**Increase/ (Decrease)**
Gross margin:			
ASG	6.0%	8.2%	(2.2)%
HVTSG	7.3%	12.1%	(4.8)%
Consolidated	4.7%	7.5%	(2.8)%
Selling, general and administrative expense:			
ASG	3.6%	3.4%	0.2%
HVTSG	4.8%	5.3%	(0.5)%
Consolidated	5.8%	5.4%	0.4%
Gross margin less SG&A:			
ASG	2.4%	4.8%	(2.4)%
HVTSG	2.5%	6.8%	(4.3)%
Consolidated	(1.1)%	2.2%	(3.3)%

In ASG, despite higher sales in 2005, gross margins less SG&A declined 2.4%. Higher costs of steel and other metals were a principal factor. Higher steel costs, net of customer recoveries, alone reduced 2005 before-tax profit in ASG as compared to 2004 by approximately $67 — accounting for 1.1% of the margin decline from the previous year. In addition to higher raw material prices, increased energy costs also negatively impacted ASG margins. In the automotive market, we have had very limited success passing these higher costs on to customers. In fact, margins continue to be adversely affected by price reductions to customers. Also negatively impacting ASG 2005 margins were start-up and launch costs associated with a new Slovakian actuation systems operation. This operation reduced margins in 2005 by approximately $16. Quality and warranty related issues resulted in higher warranty expense which reduced year-over-year margins by about $30, with the fourth quarter of 2005 including charges of $19 for two specific recall programs. While ASG margins continue to benefit from cost savings from programs like lean manufacturing and value engineering, production inefficiencies associated with overtime and freight continue to dampen margins.

Margins in the Heavy Vehicle group were 4.3% lower in 2005 despite stronger sales. As with ASG, higher steel costs significantly impacted HVTSG performance in 2005. Steel costs, net of customer recoveries, reduced this group's before-tax profit by an additional $45 — accounting for 2.0% of the 4.3% margin decline. Raw material prices other than steel and higher energy costs also negatively impacted this business in 2005. While higher sales in the commercial vehicle market would normally benefit margins, the stronger sales volume actually created production inefficiencies as our principal assembly facility in Henderson, Kentucky experienced capacity constraints. With the production inefficiencies, to meet customer demand, we incurred premium freight, higher overtime, additional warehousing and outsourced certain activities previously handled internally — all of which resulted in higher costs. Commercial vehicle margins during the first six months of 2005 were also negatively impacted by component shortages. Additional costs resulted from alternative sourcing as well as production inefficiencies. Margins in the off-highway operations in 2005 were negatively impacted by restructuring actions associated with the closure of the Statesville, North Carolina manufacturing facility, the downsizing of the Brugge, Belgium operation and the relocation of certain production activities to operations in Mexico.

Corporate expenses and other costs not allocated to the business units reduced gross margins less SG&A by 3.6% in 2005 and 2.8% in 2004. One factor contributing to the higher costs in 2005 was higher professional fees and related costs associated with an independent investigation surrounding the restatement of our financial statements for the first half of 2005 and prior years. Other factors included a pension settlement charge in the fourth quarter triggered by higher lump sum distributions from one of our pension plans, higher insurance premiums and higher costs associated with our long-term disability and workers compensation programs.

Other income (expense) was $88 and $(85) in 2005 and 2004. Other income in 2005 was generated primarily through lease financing revenue, interest income and other miscellaneous income. Other expense in 2004 included a $157 before tax charge associated with the repurchase of approximately $900 of debt during the fourth quarter of 2004 at a premium to face value.

Realignment and impairment charges were $111 and $44 in 2005 and 2004. The 2005 realignment and impairment costs include $53 for goodwill impairment taken in the fourth quarter. The remaining cost in 2005 and the cost in 2004 relates primarily to facility closures or program discontinuance.

Interest expense was $168 and $206 in 2005 and 2004. Interest expense in 2005 was lower due to lower average debt levels.

Income tax (expense) benefit for continuing operations was $(924) and $205 in 2005 and 2004. Income tax expense in 2005 includes a charge of $817 for a valuation allowance against deferred tax assets at the beginning of the year in the U.S. and U.K. where future taxable income was determined to no longer be sufficient to ensure asset realization. The valuation allowance above was the predominant factor in tax expense of $924 being higher than the $100 tax benefit that would normally be expected at the customary U.S. federal tax rate of 35%. The 2005 provision for income taxes continues to include expense related to countries where a valuation allowance is not considered necessary and where operating results continue to be tax-effected. Other factors contributing to the variance were goodwill impairment charges that are not deductible for tax purposes and a write-off of deferred tax assets for net operating losses in the State of Ohio in connection with the enactment of a new gross receipts tax system.

In 2004, we experienced income tax benefits that resulted in a net tax benefit significantly greater than the tax provision normally expected at a customary tax rate equal to the U.S. federal rate of 35%. Tax benefits exceeded the amount expected by applying 35% to the loss before income taxes by $147. During 2004, income tax benefits of $85 were recognized through release of valuation allowances against capital loss carryforwards as a result of certain DCC sale transactions. Additionally, tax benefits of $37 were recognized through release of valuation allowances previously recorded against net operating losses in certain jurisdictions where future profitability no longer required such allowances.

Losses from discontinued operations were $434 and $10 in 2005 and 2004. Discontinued operations in 2005 in both years include the results relating to the engine hard parts, fluid products and pump

products businesses held for sale at the end of 2005. The 2005 net loss of $434 includes impairment charges of $398 that were required to reduce the net book value of these businesses to expected realizable value. In 2004, discontinued operations also included the AAG business that we sold in November 2004. The AAG operation accounted for $5 of the discontinued operations loss, including a $43 charge recognized at the time of the sale.

Results of Operations (2004 versus 2003)

Business Unit and Geographic Sales and Gross Margin Analysis (2004 verses 2003)

Net sales by our segments and geographic regions for 2004 and 2003 are presented in the following tables:

Geographical Sales Analysis

				Amount of Change Due To		
	2004	2003	Change Amount	Currency Effects	Acquisitions/ Divestitures	Organic Change
North America	$5,218	$4,664	$ 554	$ 53	$ —	$ 501
Europe	1,322	1,052	270	120	(6)	156
South America	542	417	125	25		100
Asia Pacific	693	581	112	58	(8)	62
Total	$7,775	$6,714	$ 1,061	$ 256	$ (14)	$ 819

Business Unit Sales Analysis

				Amount of Change Due To		
	2004	2003	Change Amount	Currency Effects	Acquisitions/ Divestitures	Organic Change
ASG	$5,384	$4,723	$ 661	$ 187	$ (10)	$ 484
HVTSG	2,299	1,908	391	65	(5)	331
Other	92	83	9	5		4
Total	$7,775	$6,714	$ 1,061	$ 257	$ (15)	$ 819

The strengthening of certain international currencies against the U.S. dollar played a significant role in increasing our sales in 2004. 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 was flat compared to 2003. In commercial vehicles and off-highway, however, the North American markets were up significantly — 46% in Class 8 trucks, 18% in medium-duty (Class 5-7) trucks and 16% in off-highway vehicles. The higher production levels in these markets along with new business coming on stream in ASG produced the 9% organic sales increase in North America.

In Europe, the organic sales increase of 15% resulted primarily from new off-highway business in HVTSG and new ASG business. Slightly stronger light vehicle production also contributed to the increase. In South America, the organic increase was due to stronger light vehicle production results and new ASG business. The organic sales growth in Asia Pacific was primarily due to overall higher production levels in the region.

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 other business units, but excludes discontinued operations.

ASG principally serves the light vehicle market, with some sales of driveshaft business to the OEM vehicle market. As previously mentioned, production levels in ASG's largest market — the North American light-duty market — were flat compared to 2003. ASG's sales did benefit from the stronger commercial vehicle market in North America. In addition to driveshafts, ASG's sealing products and other engine parts are sold to commercial vehicle customers. Stronger light duty production levels elsewhere in the world helped increase sales in ASG. Net new business growth added approximately $350 to ASG's organic sales increase. New programs included driveline products for Nissan's Titan pickup and BMW's X3/ X5 sport utility vehicles and structural products for the Ford F-150 and GM Colorado/ Canyon pick-ups.

HVTSG focuses on the commercial vehicle and off-highway markets. More than 90% of HVTSG's sales are in North America and Europe. The organic sales growth in this group was due mostly to the previously mentioned stronger production levels in both the commercial vehicle and off-highway. This also contributes to HVTSG's higher sales.

Other income (expense) was $(85) and $146 in 2004 and 2003. Included in other expense in 2004 is $157 of net expense associated with the repurchase of approximately $900 of debt during the fourth quarter of 2004 at a premium to face value. Also impacting the changes from 2003 is lower leasing revenues from our DCC operation resulting from our continued divestment of assets in its portfolio.

Margin Analysis

	As a Percentage of Sales		
	2004	**2003**	**Increase/ (Decrease)**
Gross margin:			
ASG	8.2%	9.4%	(1.2)%
HVTSG	12.1%	12.4%	(0.3)%
Consolidated	7.5%	8.8%	(1.3)%
Selling, general and administrative expense:			
ASG	3.4%	3.9%	(0.5)%
HVTSG	5.3%	6.1%	(0.8)%
Consolidated	5.4%	6.7%	(1.3)%
Gross margin less SG&A:			
ASG	4.8%	5.6%	(0.8)%
HVTSG	6.8%	6.3%	0.5%
Consolidated	2.2%	2.1%	0.1%

Gross margins and gross margins less SG&A were significantly impacted in 2004 by higher steel costs net of amounts recovered from customers.

In ASG, our ability to recoup higher steel cost from our customers is limited; consequently, the impact on margins has been greater in that business unit. Removing the impact of higher steel costs from ASG's gross margin in 2004 would increase gross margin by 1% of sales. Adjusting for steel costs, gross margin is up slightly. Margins were favorably impacted by the higher sales volume and cost reductions. Partially offsetting these positive factors were price reductions to customers, production inefficiencies leading to higher premium freight and overtime cost and the loss of higher-margin axle business on the Jeep® Grand Cherokee.

Higher steel costs also impacted HVTSG. Although customer recoveries in this business unit are higher than in ASG, the steel consumption is also higher. Removing the higher net steel costs from HVTSG's gross margin in 2004 would have approximately been 13%, up about 1% over 2003. The gross margin improvement here is due to the higher sales levels, although this group also experienced higher premium freight and overtime cost as production levels remained up during the year.

Selling, general and administrative expenses were $416 and $452 in 2004 and 2003. The decline in SG&A expenses is due to lower expense in our DCC operation as we continue to divest assets. Exclusive of DCC, SG&A expenses are up $25 but lower as a percent of sales. A portion of the absolute dollar increase in SG&A expense is due to currency effects as the international expenses were generally translated at higher rates against the US dollar.

Realignment charges were $44 and zero in 2004 and 2003. As discussed in Note 15, additional charges were recognized in connection with additional facility closures and workforce reductions announced in 2004.

Interest expense was $206 and $223 in 2004 and 2003. Lower interest expense resulted from overall lower levels of debt outstanding in 2004. Partially offsetting the effect of lower debt levels were higher short-term interest rates in 2004.

Income tax benefits were $205 and $52 in 2004 and 2003. We experienced income tax benefits in both 2004 and 2003 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%. Tax benefits exceeded the amount expected by applying a 35% rate to income (loss) before taxes by $(165) in 2004 and $62 in 2003.

A capital loss was generated in 2002 in connection with the sale of one of our subsidiaries. Since the benefit of these losses can only be realized by generating capital gains, a valuation allowance is 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 such an occurrence is probable. During 2004 and 2003, income tax benefits of $85 and $49 were recognized through release of valuation allowances against capital loss carryforwards as a result of the DCC sale transactions.

Similarly, we have also provided valuation allowance against deferred tax assets relating to ordinary operating, not capital, losses generated in certain jurisdictions where realization is not assured. As income is generated in these jurisdictions, income tax benefit is recognized through the release of all or a portion of the valuation allowances.

Realignment of Operations

During the fourth quarter of 2005, our Board of Directors approved a number of operational initiatives to enhance the company's financial performance. The primary actions described below, along with other items, resulted in total realignment charges of $58 in 2005.

In October 2005, we announced that ASG will close two facilities in Virginia and shift production in several other locations, affecting approximately 650 employees. The Commercial Vehicle operation of HTVSG will increase gear production and assembly activity at its Toluca, Mexico facility to relieve constraints at its principal gear plant in Glasgow, Kentucky and improve throughput at a Henderson, Kentucky assembly plant. We recorded a charge of $8 and anticipate additional costs in 2006 and 2007 of $21 in association with these actions. We expect to make additional cash investments of $7 over the next 12 months for the expansion of facilities in Mexico. In November 2005, we signed a letter of intent with DESC S.A. de C.V. (DESC) under which Dana and DESC will, subject to Bankruptcy Court approval, dissolve our existing Mexican joint venture, Spicer S.A. de C.V. (Spicer). We will assume 100% ownership of the Mexican subsidiaries of Spicer that manufacture and assemble axles and driveshafts, as well as related forging and foundry operations, in which we currently have an indirect 49% interest and 33% interest, respectively, through our ownership in Spicer. These operations had combined sales to Dana and to third parties of $296 in 2005. DESC, in turn, will assume full ownership of Spicer and its remaining subsidiaries that operate transmission and aftermarket gasket businesses in which DESC currently holds an indirect 51% interest through its ownership in Spicer. This transaction is subject to Bankruptcy Court approval.

In December 2005, we announced plans to consolidate our North American Thermal Products operations by mid-2006 to reduce operating and overhead costs and strengthen our competitiveness.

Three facilities located in North America employing 200 people, will be closed. In connection with the expiration of supply agreements for truck frames and rear axle modules, we announced work force reductions of approximately 500 and 300 people at our Structural Products plant in Thorold, Ontario and at three Traction Products facilities in Australia. We recorded charges totaling $31 related to these facility closures and work force reductions.

During the fourth quarter, we recorded impairment charges relating to our actuator systems operation investment and assets associated with other discontinued programs that accounted for most of the remaining $19 in realignment charges recorded during the year.

Continuing operations realignment charges of $44 in 2004 related primarily to activities with off-highway operation in HVTSG where we announced the closure of the Statesville, North Carolina manufacturing facility and work force reductions in our Brugge, Belgium operations.

For additional information of these realignment actions and the related costs see Note 15 to our consolidated financial statements.

Discontinued Operations

In October 2005, three businesses (engine hard parts products, fluid products and pump products) with approximately 9,800 people in 44 operations worldwide, representing annual revenues of more than $1,200, were approved for divestiture by our Board. Charges during the third and fourth quarters of 2005 have reduced the carrying value of these businesses to net realizable value. An impairment charge of $275 after-tax relating to long-lived assets and goodwill was recorded in the third quarter of 2005. Other after-tax charges of $123 to reduce the businesses to net realizable value were recognized in the fourth quarter when the commitment to the plans was made.

Other discontinued operations in 2004 and 2003 included the following businesses. In December 2003, we elected to divest substantially all of AAG. The sale of these businesses was completed in November 2004. The Engine Management business was sold in the second quarter of 2003, and one remaining plant of the Boston Weatherhead Division, which was sold in the fourth quarter of 2002.

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

	2005	2004	2003
Net sales:			
ASG			
Engine hard parts products	671	723	706
Fluid products	454	469	452
Pump products	96	81	46
Boston Weatherhead	—	—	13
Total ASG	1,221	1,273	1,217
AAG			
Automotive Aftermarket	—	1,943	1,996
Engine Management	—	—	142
Total AAG	—	1,943	2,138
Total net sales from discontinued operations	$ 1,221	$ 3,216	$ 3,355
Income (loss) from discontinued operations:			
ASG			
Engine hard parts products	(234)	(14)	(12)
Fluid products	(150)	4	22
Pump products	(50)	5	6
Boston Weatherhead	—	—	(4)
Total ASG	(434)	(5)	12
AAG			
Automotive Aftermarket	—	(5)	69
Engine Management	—	—	(8)
Total AAG	—	(5)	61
Total income (loss) from discontinued operations	$ (434)	$ (10)	$ 73

The loss from discontinued operations relating to ASG in 2005 includes the above mentioned $398 after-tax charge to reduce the net book values of the businesses currently held for sale to realizable values.

The Automotive Aftermarket business component was included in discontinued operations for only eleven months of 2004, accounting for most of the decline in sales compared to 2003. The AAG results include $43 of after-tax losses recognized in connection with the sale. Gross margin for the Automotive Aftermarket business component was 15.5% in 2004 and 17.7% in 2003. The lower gross margin in 2004 was partially due to higher steel costs that reduced gross margin by approximately $25 or 1.3%.

Table of Contents

Cash Flow

Cash and cash equivalents for the years ended December 31, 2005, 2004 and 2003 are shown in the following table:

	2005	2004	2003
Cash flow — summary			
Cash and cash equivalents at beginning of period	$ 634	$ 731	$ 571
Cash from (used in) operating activities	(216)	73	350
Cash from (used in) investing activities	(54)	916	194
Cash from (used in) financing activities	398	(1,090)	(382)
Increase (decrease) in cash and cash equivalents	128	(101)	162
Net change in cash of discontinued operations		4	(2)
Cash and cash equivalents at end of period	$ 762	$ 634	$ 731

	2005	2004	2003
Cash flows — operating activities:			
Net income	$ (1,605)	$ 62	$ 228
Depreciation and amortization	310	358	394
Loss (gain) on note repurchases		96	(9)
Deferred income taxes	751	(125)	(35)
Unremitted earnings of affiliates	(40)	(36)	(49)
Losses (gains) on divestitures and asset sales	29	18	(38)
Asset impairment and other related charges	486	37	21
Minority interest	(16)	13	9
	(85)	423	521
Increase in working capital	(170)	(294)	(143)
Other	39	(56)	(28)
Cash flows from (used in) operating activities	$ (216)	$ 73	$ 350

The $216 of cash used in operating activities in 2005 is primarily due to the decline in results from continuing operations in 2005 compared to 2004. There were significant non-cash transactions and developments in both 2005 and 2004 that impacted net income.

In 2005, we announced the planned sale of our engine hard parts, fluid products and pumps products businesses. Accordingly we provided for an after-tax loss on the expected sales of $398, which is included in loss from discontinued operations. We also established a $817 valuation allowance against net deferred tax assets because we determined that future taxable income in the U.S. would not be sufficient to ensure realization of the net deferred tax assets based on a "more likely than not" standard in SFAS No. 109.

Net income in 2004 was impacted by the divestiture of our automotive aftermarket businesses that we completed in November 2004. Including the related expenses incurred throughout 2004, the net loss associated with this divestiture was $43 after-tax. The proceeds from the divestiture and the issuance of $450 of 5.85% notes due in January 2015 were used to repurchase nearly $900 of our notes. The notes, which were issued in 2001 and 2002 when we had fallen below an investment grade rating, were repurchased at a substantial premium. After considering valuation adjustments, unamortized issuance costs and other related balance sheet items, we recognized an after-tax loss of $96 on the transaction. Deferred income tax benefits, which do not impact cash, are also a significant element of the net charges related to the note repurchase, divestitures and asset sales and impairments, which are presented net of

the related tax benefits. Other deferred tax benefits, recognized in 2004 but not impacting cash flow, totaled $125.

Our working capital increased in 2005 but at a lesser rate than in 2004. Combined accounts receivable and inventory decreased by $227 after increasing $430 and $127 in 2004 and 2003. Other operating assets and liabilities increased $397 in 2005 after decreasing $136 in 2004. Other receivables at the end of 2004 included a higher amount recoverable from insurers as a result of the settlement agreement entered in December 2004 with a number of our carriers.

Also, working capital in 2005, 2004 and 2003 was negatively affected by payments against restructuring accruals of $23, $27 and $83.

	2005	2004	2003
Cash flows — investing activities:			
Purchases of property, plant and equipment	$ (297)	$ (329)	$ (323)
Divestitures		968	145
Proceeds from sales of leasing subsidiary assets	161	289	193
Proceeds from sales of other assets	22	61	89
Other	60	(73)	90
Cash flows from (used in) investing activities	$ (54)	$ 916	$ 194

Capital spending declined in 2005 and has remained below depreciation expense for the past 3 years. The 2005 outlays were again focused on opportunities to leverage technology and support new customer programs. Capital spending in 2006 is expected to increase approximately 10%.

We continued to reduce our lease investment portfolio at DCC, generating $161 and $289 from sales of those assets in 2005 and 2004.

The sale of the automotive aftermarket businesses in November 2004 generated cash proceeds of $968 at closing. Supplementing those proceeds was the $61 of cash generated on asset sales within the manufacturing operations.

	2005	2004	2003
Cash flows — financing activities:			
Net change in short-term debt	$ 492	$ (31)	$ (113)
Issuance of long-term debt	16	455	—
Payments on and repurchases of long-term debt	(61)	(1,457)	(272)
Dividends paid	(55)	(73)	(14)
Other	6	16	17
Cash flows from (used in) financing activities	$ 398	$ (1,090)	$ (382)

We made draws on the accounts receivable securitization program and the five-year revolving credit facility to meet our working capital needs during 2005.

During 2005, we refinanced a secured note due in 2007 related to a DCC investment to a non-recourse note due in August 2010 and increased the principal outstanding from $40 to $55. The remainder of our debt transactions in 2005 was generally limited to $61 of debt repayments, including a $50 scheduled payment at DCC.

In December 2004, we used $1,086 of cash, including a portion of the proceeds from the sale of the AAG businesses and the issuance of $450 of new notes, to repurchase $891 face value of our March 2010 and August 2011 notes. Prior to the fourth quarter, we had used available cash to meet scheduled maturities of long-term debt of $239 on the manufacturing side and $166 within DCC.

In 2003, we 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.

We maintained a quarterly dividend rate of $.12 per share during the first three quarters of 2005 and all of 2004 before decreasing the fourth quarter 2005 dividend to $.01. The annual dividend in 2003 was $.09.

Financing Activities

Pre-Petition Financing— Before the Filing Date, we had a five-year bank facility, maturing on March 4, 2010, which provided $400 of borrowing capacity. At December 31, 2005, we (excluding DCC) had committed borrowing lines of $942 and uncommitted lines of $241, and our outstanding borrowings consisted of $377 under the bank facility, $185 under our accounts receivable securitization program and $25 drawn by non-U.S. subsidiaries. Our accounts receivable securitization program provided up to a maximum of $275 at December 31, 2005 to meet periodic demand for short-term financing.

We announced in September and October 2005, that we had lowered our 2005 earnings estimate and that we would establish a valuation allowance against our U.S. deferred tax assets and restate our financial statements for the first and second quarters of 2005 and the years 2002 through 2004. In connection with those announcements, we obtained waivers under our bank and accounts receivable agreements of certain covenants, including a waiver of the financial covenants in the bank facility for the end of the third quarter of 2005. In the fourth quarter of 2005, we amended the bank and accounts receivable agreements and obtained extensions of the existing waivers under these agreements to May 31, 2006 and certain additional waivers. We continued working with our bank group during January and February 2006, with the intention of negotiating a modified or new credit facility. The failure to reach an agreement on acceptable terms created liquidity problems that, among other factors, caused us to file our bankruptcy petition and commence work on the DIP Credit Agreement described below.

DIP Credit Agreement — On March 3, 2006, Dana, as borrower, and our debtor U.S. subsidiaries, as guarantors, entered into a Senior Secured Superpriority Debtor-in-Possession Credit Agreement (the DIP facility or the DIP Credit Agreement) with Citicorp North America, Inc., Bank of America, N.A. and JPMorgan Chase Bank, N.A., as lenders. The DIP Credit Agreement, as amended, was approved by the Bankruptcy Court on March 29, 2006.

The DIP Credit Agreement, as amended, provides for a revolving credit facility and a term loan facility in an aggregate amount up to $1,450. We can borrow up to $750 under the revolving credit facility, of which $400 is available for the issuance of letters of credit, and $700 under the term loan facility. Availability under the revolving credit facility is subject to a borrowing base that includes advance rates relating to the value of our inventory and accounts receivable. All of the loans and other obligations under the DIP Credit Agreement will be due and payable on the earlier of (i) 24 months after the effective date of the DIP Credit Agreement or (ii) the consummation of our plan of reorganization under the Bankruptcy Code. Prior to maturity, we will be required to make mandatory prepayments under the DIP Credit Agreement in the event that loans and letters of credit exceed the available commitments, and from the proceeds of certain asset sales and the issuance of additional indebtedness. Such prepayments, if required, must be applied, first, to the term loan facility and, second, to the revolving credit facility with a permanent reduction in the amount of the commitments thereunder.

Interest under the DIP Credit Agreement will accrue, at our option, either at (i) the London interbank offered rate (LIBOR) plus a per annum margin of 2.25% for both the term loan facility and the revolving credit facility or (ii) the prime rate plus a per annum margin of 1.25% for both the term loan facility and the revolving credit facility. We will pay a fee for issued and undrawn letters of credit in an amount per annum equal to the LIBOR margin applicable to the revolving credit facility. We will also pay a commitment fee of 0.375% per annum for unused committed amounts under the revolving credit facility.

The DIP Credit Agreement is guaranteed by substantially all of Dana’s domestic subsidiaries, excluding DCC. As collateral, Dana and each of its guarantor subsidiaries has granted a security interest in and

lien on effectively all of its assets, including a pledge of 66% of the equity interests of each material direct foreign subsidiary owned by Dana and each guarantor subsidiary.

Under the DIP Credit Agreement, Dana Corporation and each of our subsidiaries (other than certain excluded subsidiaries) are required to comply with customary covenants for facilities of this type. These include (i) affirmative covenants as to corporate existence, compliance with laws, insurance, payment of taxes, access to books and records, use of proceeds, retention of a restructuring advisor and financial advisor, maintenance of cash management systems, use of proceeds, priority of liens in favor of the lenders, maintenance of properties and monthly, quarterly, annual and other reporting obligations and (ii) negative covenants, including limitations on liens, additional indebtedness, guaranties, dividends, transactions with affiliates, claims in our bankruptcy proceedings, investments, asset dispositions, nature of business, payment of pre-petition obligations, capital expenditures, mergers and consolidations, amendments to constituent documents, accounting changes, limitations on restrictions affecting subsidiaries and sale and lease-backs. Additionally, the DIP Credit Agreement requires us to maintain, as of the end of each calendar month, a minimum amount of consolidated earnings before interest, taxes, depreciation, amortization, restructuring and reorganization costs and to maintain at all times minimum availability under the DIP Credit Agreement.

The DIP Credit Agreement includes customary events of default for facilities of this type, including failure to pay the principal or other amounts, breach of representations and warranties, breach of any covenant under the DIP Credit Agreement, cross-default to other indebtedness, judgment default, invalidity of any loan document, failure of liens to be perfected, the occurrence of certain ERISA events, conversion of our bankruptcy case to a proceeding under Chapter 7 of the Bankruptcy Code, relief from stay, failure of the financing order in our bankruptcy case to be in effect, or the occurrence of a change of control. Upon the occurrence and continuance of an event of default, our lenders have the right, among other things, to terminate their commitments under the DIP Credit Agreement, accelerate the repayment of all of our obligations under the DIP Credit Agreement and foreclose on the collateral granted to them.

We expect our cash flows from operations and proceeds from divestitures, combined with funding available under the DIP Credit Agreement, to provide sufficient liquidity for the next twelve months. This includes funding any debt service obligations under the DIP facility, projected working capital requirements, realignment obligations, costs associated with the bankruptcy filing and capital spending.

DCC Notes — Following Dana's bankruptcy filing, the holders of a majority of the issued and outstanding medium term and private placement notes of DCC (the DCC Notes) formed an Ad Hoc Committee of Noteholders.

Effective April 10, 2006, DCC and the Ad Hoc Committee entered into a Forbearance Agreement under which members of the Ad Hoc Committee holding over 70% of the outstanding principal amount of DCC Notes agreed to work with DCC toward a restructuring of the DCC Notes and to forbear from exercising rights and remedies with respect to any default or event of default that may now exist or may hereafter occur under such notes. The Forbearance Agreement will terminate 30 days from its effective date, or sooner upon the occurrence of certain events specified therein, including the commencement by DCC of a voluntary Chapter 11 bankruptcy case or the filing by any party of an involuntary petition for relief against DCC.

As a condition precedent to the effectiveness of the Forbearance Agreement, DCC agreed not to make any payments of principal or interest that were due and payable to the holders of certain DCC Notes as of April 10, 2006. By letter dated as of April 11, 2006, counsel to Great-West Life & Annuity Insurance Company and The Great-West Life Assurance Company, which are noteholders not part of the Ad Hoc Committee, advised DCC that events of default had occurred under their respective Note Agreements as a result of DCC's failure to pay the principal due as of April 10, 2006 on the notes issued thereunder and demanded payment of the entire principal of $7 and interest accrued on such notes.

DCC intends to continue to cooperate with the Ad Hoc Committee and its other noteholders to complete a restructuring of the DCC Notes.

Debt Reclassification — Our bankruptcy filing triggered the immediate acceleration of certain of our direct financial obligations, including, among others, the principal amounts outstanding (including interest) of the non-secured notes issued under our Indentures dated as of December 15, 1997; August 8, 2001; March 11, 2002; and December 10, 2004. Such amounts are characterized as unsecured debt for purposes of the reorganization proceedings in the Bankruptcy Court and the related obligations have been classified as current liabilities in our consolidated balance sheet as of December 31, 2005. Only the $55 of certain non-recourse debt and $12 of certain international borrowings continue to be classified as non-current liabilities.

Swap Agreements — We were a party to two interest rate swap agreements, expiring in August 2011, under which we had agreed to exchange the difference between fixed rate and floating rate interest amounts on notional amounts corresponding with the amount and term of our August 2011 notes. Converting the fixed interest rate to a variable rate was intended to provide a better balance of fixed and variable rate debt. Both swap agreements had been designated as fair value hedges of the August 2011 notes. Based on the aggregate fair value of these agreements, we recorded a $4 non-current liability at December 31, 2005, which was offset by a decrease in the carrying value of long-term debt. Additional adjustments to the carrying value of long-term debt resulted from the modification or replacement of swap agreements that generated cash receipts prior to 2004. These valuation adjustments, which were being amortized as a reduction of interest expense over the remaining life of the notes, totaled $5 at December 31, 2005.

As of December 31, 2005, the interest rate swap agreements provided for us to receive a fixed rate of 9.0% on a notional amount of $114 and pay variable rates based on LIBOR, plus a spread; the average variable rate under these contracts approximated 9.4% at the end of 2005. As a result of our bankruptcy filing, the two swap agreements were terminated, resulting in a termination payment of $6 on March 30, 2006.

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	$2,058	$ 93	$468	$485	$ 1,012
Operating leases	521	90	131	90	210
Unconditional purchase obligations	254	203	39	10	2
Other long-term liabilities	1,603	374	299	282	648
Total contractual cash obligations	$4,436	$ 760	$937	$867	$ 1,872

With our filing under Chapter 11 of the Bankruptcy Code we are not able to determine the amounts and timing of our contractual cash obligations. Accordingly, the preceding table reflects the scheduled maturities based on the original payment terms specified in the underlying agreement or contract. Future payment timing and amounts are expected to be modified as a result of the reorganization under Chapter 11.

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. Accord-

ingly, 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 2006 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: $529, $371, $369, $332 and $589 in 2006, 2007, 2008, 2009 and 2010 thereafter.

Other long-term liabilities include estimated obligations under our retiree healthcare programs, estimated 2006 contribution to our U.S. defined benefit pension plans and payments under the long-term agreement with IBM for the outsourcing of certain human resource services that began in June of 2005. 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 2010 considered recent payment trends and certain of our actuarial assumptions. We have not estimated pension contributions beyond 2006 due to the significant impact that return on plan assets and changes in discount rates might have on such amounts.

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, 2005, there was $2 of guarantees outstanding under this program.

We have guaranteed the performance of a wholly-owned consolidated subsidiary under several operating leases. The operating leases require the subsidiary to make monthly payments at specified amounts and guarantee, up to a stated amount, the residual value of the assets at the end of the lease. The guarantees are for periods of from five to seven years or until termination of the lease. We have recorded a liability and corresponding prepaid amount of $3 relating to these guarantees. In the event of a default by our subsidiary the parent would be required to fulfill the obligations under the operating lease. In the first quarter of 2006, these leases were terminated and we were released from these guarantees.

At December 31, 2005, we maintained cash balances of $109 on deposit with financial institutions, which may not be withdrawn, to support surety bonds and provide credit enhancements for certain lease agreements. These surety bonds enable us to self-insure our workers compensation obligations. 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 surety bonds 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

Impact of Bankruptcy Filing. On March 3, 2006, the Debtors filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code, as discussed in Item 1. Under the Bankruptcy Code, the filing of the petitions automatically stays most actions against us. Substantially all of our pre-petition liabilities will be resolved under our plan of reorganization unless otherwise satisfied pursuant to orders of the Bankruptcy Court.

Class Action Lawsuit and Derivative Actions — Dana and certain of our current and former officers are defendants in a consolidated class action pending in the U.S. District Court for the Northern District of Ohio. The plaintiffs in this action allege violations of the U.S. securities laws and claim that the price at which Dana's shares traded at various times between February 2004 and November 2005 was artificially

inflated as a result of the defendants' alleged wrongdoing. Three derivative actions are also pending in the same court naming certain of our directors and current and former officers as defendants. Among other things, the plaintiffs in these actions allege breaches of the defendants' fiduciary duties to Dana arising from the same facts on which the consolidated class action is based. Due to the preliminary nature of these lawsuits, at this time we cannot predict their outcome or estimate Dana's potential exposure related thereto. While we have insurance coverage with respect to these matters and do not currently believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations, there can be no assurance that the impact of any loss not covered by insurance would not be material.

SEC Investigation — In September 2005, we reported that management was investigating accounting matters arising out of incorrect entries related to a customer agreement in our Commercial Vehicle business unit and that our Audit Committee had engaged outside counsel to conduct an independent investigation of these matters as well. Outside counsel informed the SEC of the investigation, which ended in December 2005, about when we filed restated financial statements for the first two quarters of 2005 and the years 2002 through 2004. In January 2006, we learned that the SEC had issued a formal order of investigation with respect to matters related to our restatements. The SEC's investigation is a non-public, fact-finding inquiry to determine whether any violations of the law have occurred. This investigation has not been suspended as a result of our bankruptcy filing. We will continue to cooperate fully with the SEC in the investigation.

Legal Proceedings Arising in the Ordinary Course of Business — We are a party to various pending judicial and administrative proceedings arising in the ordinary course of business. These include, among others, proceedings based on product liability claims and alleged violations of environmental laws. We have reviewed these pending legal proceedings, including the probable outcomes, our reasonably anticipated costs and expenses, the availability and limits of our insurance coverage and surety bonds and our established reserves for uninsured liabilities. We do not believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

Asbestos-Related Product Liabilities — Under the Bankruptcy Code, pending asbestos-related product liability lawsuits are stayed during our reorganization process, and claimants may not commence new lawsuits against us on account of pre-petition claims. However, proofs of additional asbestos claims may be filed in the Bankruptcy Cases either voluntarily by claimants or if a bar date is established for asbestos claims. Our obligations with respect to asbestos claims will be resolved pursuant to our plan of reorganization or otherwise resolved pursuant to order(s) of the Bankruptcy Court.

We had approximately 77,000 active pending asbestos-related product liability claims at December 31, 2005, compared to 116,000 at December 31, 2004, including at both dates 10,000 claims that were settled but awaiting final documentation and payment. The reduced number of active pending claims at December 31, 2005, was due primarily to the effect of tort reform legislation or medical criteria orders entered in various courts. During the year, these factors resulted in a reduction of approximately 20,000 claims in Texas, 12,000 claims in Mississippi and 9,000 claims in Ohio. We had accrued $98 for indemnity and defense costs for pending asbestos-related product liability claims at December 31, 2005, compared to $139 at December 31, 2004. We accrue for pending claims based on our claims settlement and dismissal history.

In the past, we accrued only for pending asbestos-related product liability claims because we did not believe our historical trend data was sufficient to provide us with a reasonable basis to estimate potential costs for future demands. However, more recently, our claims activity has become more stable following the dissolution of the Center for Claims Resolution (CCR), as described below, the implementation of our post-CCR legal and settlement strategy and legislative actions that have reduced the volume of claims in the legal system. In the third quarter of 2005, we concluded that our historical claims activity had stabilized over a sufficient duration of time to enable us to project possible future demands and related costs. Therefore, in consultation with Navigant Consulting, Inc. (a specialized consulting firm providing dispute,

financial, regulatory and operational advisory services), we analyzed our potential future costs for such claims. Based on this analysis, we estimated our potential liability for the next fifteen years to be within a range of $70 to $120. Since the outcomes within that range are equally probable, we accrued the lower end of the range at December 31, 2005. Beyond fifteen years, we believe there are reasonable scenarios in which our expenditures related to asbestos-related product liability claims would be de minimis; however, the process of estimating future demands is highly uncertain. The effect on earnings of recording the $70 was offset by our estimate of the portion of this liability that we expect to recover under our insurance policies and through amounts received from insurance settlements that had been deferred. During the third quarter, we also reduced our estimated liability for pending claims, and our expected insurance recovery, for the decrease in active claims outstanding. These items resulted in an increase in pre-tax income of approximately $3 during the third quarter.

Generally accepted methods of projecting future asbestos-related product claims and costs require a complex modeling of data and assumptions about occupational exposures, disease incidence, mortality, litigation patterns and strategy and settlement values. Although we do not believe that our products have ever caused any asbestos-related diseases, for modeling purposes we combined historical data relating to claims filed against us with labor force data in an epidemiological model, in order to project past and future disease incidence and resulting claims propensity. Then we compared our claims history to historical incidence estimates and applied these relationships to the projected future incidence patterns, in order to estimate future compensable claims. We then established a cost for such claims, based on historical trends in claim settlement amounts. In applying this methodology, we made a number of key assumptions, including labor force exposure, the calibration period, the nature of the diseases and the resulting claims that might be made, the number of claims that might be settled, the settlement amounts and the defense costs we might incur. Given the inherent variability of our key assumptions, the methodology produced the range of estimated potential values described above.

At December 31, 2005, we had recorded $78 as an asset for probable recovery from our insurers for both the pending and projected claims, compared to $118 recorded at December 31, 2004, solely for pending claims. During the second quarter of 2005, we received the final payment due us under an insurance settlement agreement that we had entered into with some of our carriers in December 2004. The asset recorded at December 31, 2005 reflects our assessment of the capacity of our remaining insurance agreements to provide for the payment of anticipated defense and indemnity costs for pending claims and future demands, assuming elections under our existing coverage, which we intend to adopt in order to maximize our insurance recovery.

Proceeds from insurance commutations are first applied to reduce any recorded recoverable amount. Any excess over the recoverable amount will be evaluated to assess whether any portion of the excess represents payments by the insurer for potential future liability. In October 2005, we signed a settlement agreement with another of our insurers providing for us to receive cash payments of $8 in 2006 in exchange for the release of all rights to coverage for asbestos-related bodily injury claims under the settled insurance policies. We recorded a receivable for this amount at December 31, 2005, of which $2 was used to reduce receivables related to pending and unasserted claims and the balance was recorded as deferred income available for potential future liabilities.

In addition, we had a net amount recoverable from our insurers and others of $15 at December 31, 2005, compared to $26 at December 31, 2004. This recoverable represents reimbursements for settled asbestos-related product liability claims, including billings in progress and amounts subject to alternate dispute resolution proceedings with some of our insurers. During the reorganization process, all asbestos litigation is stayed. As a result, we do not expect to make any asbestos payments in the near term. However, we are continuing to pursue insurance collections with respect to asbestos-related amounts paid prior to the Filing Date.

Other Product Liabilities — We had accrued $13 for contingent non-asbestos product liability costs at December 31, 2005, compared to $11 at December 31, 2004, with no recovery expected from third parties at either date. We estimate these liabilities based on assumptions about the value of the claims and

about the likelihood of recoveries against us, derived from our historical experience and current information. 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 $10 at both dates.

Environmental Liabilities — We had accrued $63 for contingent environmental liabilities at December 31, 2005, compared to $73 at December 31, 2004. We estimate these liabilities based on the most probable method of remediation, current laws and regulations and existing technology. Estimates are made on an undiscounted basis and exclude the effects of inflation. If there is a range of equally probable remediation methods or outcomes, we accrue the lower end of the range. The difference between our minimum and maximum estimates for these liabilities was $1 at both dates.

Included in these accruals are amounts relating to the Hamilton Avenue Industrial Park Superfund site in New Jersey, where we are presently one of four potentially responsible parties (PRPs). We estimate our liability for this site quarterly. There have been no material changes in the facts underlying these estimates since December 31, 2004 and, accordingly, our estimated liabilities for the three Operable Units at this site at December 31, 2005 remained unchanged and were as follows:

- Unit 1 — $1 for future remedial work and past costs incurred by the United States Environmental Protection Agency (EPA) relating to off-site soil contamination, based on the remediation performed at this Unit to date and our assessment of the likely allocation of costs among the PRPs;
- Unit 2 — $14 for future remedial work relating to on-site soil contamination, taking into consideration the $69 remedy proposed by the EPA in a Record of Decision issued in September 2004 and our assessment of the most likely remedial activities and allocation of costs among the PRPs; and
- Unit 3 — less than $1 for the costs of a remedial investigation and feasibility study pertaining to groundwater contamination, based on our expectations about the study that is likely to be performed and the likely allocation of costs among the PRPs.

Other Liabilities Related to Asbestos Claims — Until 2001, most of our asbestos-related claims were administered, defended and settled by the CCR, which settled claims for its member companies on a shared settlement cost basis. In that year, the CCR was reorganized and discontinued negotiating shared settlements. Since then, we have independently controlled our legal strategy and settlements, using Peterson Asbestos Consulting Enterprise (PACE), a unit of Navigant Consulting, Inc., to administer our claims, bill our insurance carriers and assist us in claims negotiation and resolution. Some former CCR members defaulted on the payment of their shares of some of the CCR-negotiated settlements and some of the settling claimants have sought payment of the unpaid shares from Dana and the other companies that were members of the CCR at the time of the settlements. We have been working with the CCR, other former CCR members, our insurers and the claimants over a period of several years in an effort to resolve these issues. Through December 31, 2005, we had paid $47 to claimants and collected $29 from our insurance carriers with respect to these claims. At December 31, 2005, we had a net receivable of $13 that we expect to recover from available insurance and surety bonds relating to these claims. We are continuing to pursue insurance collections with respect to asbestos-related amounts paid prior to the filing of our bankruptcy petition.

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

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.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," we perform impairment analyses of our recorded long-lived assets whenever events and circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to their carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, the long-lived assets of the operation (excluding goodwill), are written down to fair value. Fair value is determined based on discounted cash flows, or other methods providing best estimates of value. During 2005, 2004 and 2003 we recorded long-lived tangible asset impairment provisions in continuing operations of $23, $14 and $2 which resulted in part from excess capacity caused by the downturn in our markets and the resulting restructuring of our operations. With respect to discontinued operations, we recorded additional long-lived asset provisions of $207, $15 and $6 in 2005, 2004 and 2003. See Note 15 to our consolidated financial statements for additional information.

In March 2005, the Financial Accounting Standards Board (FASB) issued Financial Interpretation No. 47 (FIN 47), "Accounting for Conditional Asset Retirement Obligations." FIN 47 is an interpretation of SFAS No. 143, "Accounting for Asset Retirement Obligations," and clarifies that liabilities associated with asset retirement obligations whose timing or settlement method are conditional upon future events should be recognized at fair value as soon as fair value is reasonably estimable. FIN 47 also provides guidance on the information required to reasonably estimate the fair value of the liability. Our adoption of FIN 47 during the fourth quarter of 2005 resulted in an after tax charge of $2 recorded as a Change in accounting on our Consolidated Statement of Income. A conditional asset retirement obligation of $3 and an associated asset of $1, net of accumulated depreciation of less than $1 were recorded at December 31, 2005. If the provisions of FIN 47 had been applied retrospectively to December 31, 2004 and 2003, a liability of $3 would have been recorded at both dates. An asset of less than $1, net of accumulated depreciation, would have been recorded at both December 31, 2004 and 2003. Accretion and depreciation expense, on an after-tax basis, for years ending December 31, 2005, 2004 and 2003 would have been less than $1 during each period.

Goodwill and Other Intangible Assets — 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 additional charges to reflect impairment of the associated goodwill. In 2005, we recorded goodwill impairment charges of $83 and $53 in discontinued and continuing operations. There was no goodwill impairment in 2004 or 2003. See Note 15 for additional information. 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, 2005 and 2004.

Inventories — 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 plant 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 — In June 2005, we changed our method of accounting for warranty liabilities from estimating the liability based on the credit issued to the customer, to accounting for the warranty liabilities based on our costs to settle the claim. Management believes that this is a change to a preferable method in that it more accurately reflects the cost of settling the warranty liability. In accordance with GAAP, the $6 pre-tax cumulative effect of the change was effective as of January 1, 2005 and was reflected in the financial statements for the three months ended March 31, 2005. In the third quarter of 2005, the previously recorded tax expense of $2 was offset by the valuation allowance established against our U.S. net deferred tax assets.

Estimated costs related to product warranty are accrued at the time of sale and included in cost of sales. These costs are then adjusted, as required, to reflect subsequent experience. Warranty expense totaled $64, $35 and $31 in 2005, 2004 and 2003. No warranty expense was incurred in discontinued operations in 2005. Warranty charges in discontinued operations amounted to $1 in 2004 and $3 in 2003. Accrued liabilities for warranty obligations were $91 and $80 at December 31, 2005 and 2004.

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 amounts determined by matching expected benefit payments to a yield curve for high-quality fixed-income investments. Pension benefits are funded through deposits with trustees and satisfy, at a minimum, the applicable funding regulations. The expected long-term rates of return on fund assets are based upon actual historical returns modified for known changes in the markets and any expected changes in investment policy. Postretirement benefits are not funded, with our policy being 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 notes to our financial statements. We had unrecognized losses related to our pension plans of $746 and $593 in 2005 and 2004. The increase in the unrecognized actuarial loss for the past two years is primarily attributed to changing the discount rate, as discussed below. A portion of the December 31, 2005 unrecognized loss will be amortized into earnings in 2006. The effect on years after 2006 will depend in large part on the actual experience of the plans in 2006 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, were down slightly in 2005 after declining more significantly in 2004. Accordingly, we reduced the discount rate used to determine our pension benefit obligation on our U.S. plans 10 basis points in 2005 and 50 basis points in 2004. We utilized a composite discount rate of 5.65% at December 31, 2005 compared to a rate of 5.75% at

December 31, 2004 and 2003. In addition, the weighted average discount rate utilized by our non-U.S. plans was also reduced, moving to 4.7% at December 31, 2005 from 5.5% and 5.6% at December 31, 2004 and 2003. Overall, a change in the discount rate of 25 basis points would result in a change in our obligation of approximately $57 and a change in pension expense of approximately $3.

Besides evaluating the discount rate used to determine our pension obligation, we also evaluate our assumption relating to the expected return on U.S. plan assets annually. The rate of return assumption for U.S. plans as of December 31, 2005 and 2004 was 8.5% and 8.8%. The weighted average expected rate of return assumption used for determining pension expense of our non-U.S. plans in 2005 and 2004 was 6.4% and 6.7%. The weighted average expected rate of return assumption as of December 31, 2005 will be used to determine pension expense for non-U.S. plans in 2006. A 25 basis point change in the rate of return would change pension expense by approximately $5.

We expect that the 2006 pension expense of U.S. plans, after considering all relevant assumptions, will decrease by approximately $8 to $20 when compared to the amount of $12 recognized in 2005, which included $13 of curtailment and settlement charges.

The minimum pension liability increased by $161 during 2005, principally in the U.S., Germany and the U.K. primarily as a result of the decline in the discount rates used to determine our pension obligations at December 31, 2005. The $222 decrease in the minimum pension liability in 2004 is primarily due to increases in investment returns, primarily in the U.S., Canada and the U.K., and an additional $198 contributed to our plans following the completion of the AAG divestiture. We made contributions of $80 and $289 to our pension plans in 2005 and 2004, including $41 and $196 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 94% of the total obligation for these postretirement benefits relates to U.S. plans. The discount rate used to determine the obligation for these benefits decreased to 5.6% at December 31, 2005 from 5.8% at December 31, 2004. If there were a 25 basis point change in the discount rate, our OPEB expense would change by $2 and our obligation would change by $40. The healthcare costs trend rate is an important assumption in determining the amount of the OPEB obligation. We decreased the initial weighted healthcare cost trend rate to 9.0% at December 31, 2005 from 10.3% and 11.8% at December 31, 2004 and 2003. Similar to the accounting for pension plans, actuarial gains and losses related to OPEB liabilities may be deferred. Unrecognized OPEB losses totaled $758 and $802 at the end of 2005 and 2004.

The OPEB obligation decreased to $1,669 at December 31, 2005 from $1,746 and $1,759 at December 31, 2004 and 2003. Plan amendments reduced our obligation by $35 in 2005 and $121 in 2003. Also, in January 2005, the Center for Medicare and Medicaid Services released final regulations to implement the new prescription drug benefits under Part D of Medicare. The effect of final regulations was a further reduction of $5 in 2005 expense and a further reduction in the accumulated pension benefit obligation (APBO) by $43. The initial effect of the subsidy was a $68 reduction in our APBO at January 1, 2004 and a corresponding actuarial gain, which we deferred in accordance with our accounting policy related to retiree benefit plans. Amortization of the actuarial gain, along with a reduction in service and interest costs, increased net income by $8 in 2004.

OPEB expense was $131, $143 and $158 in 2005, 2004 and 2003. If there were a 100 basis point increase in the assumed healthcare trend rates, our OPEB expense would increase by $7 and our obligation would increase by $110. If there were a 100 basis point decrease in the trend rates, our OPEB expense would decrease by $6 and our obligation would decrease by $93.

Income Taxes — Accounting for income taxes involves matters that require estimates and the application of judgment. These include an evaluation of the realization of the recorded deferred tax benefits and assessment of potential tax liability relating to areas of potential dispute with various taxing 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 realization of our tax assets.

During the third quarter of 2005, Dana recorded a non-cash charge of $918 to establish a full valuation allowance against our net deferred tax assets in the U.S. and U.K. This charge included $817 of net deferred tax assets of continuing operations and $8 of deferred tax assets of discontinued operations as of the beginning of the year. Dana's income tax expense for 2005 includes $100 of income tax expense primarily related to foreign countries whose results continue to be tax-effected due to their ongoing profitability.

In assessing the need for additional valuation allowances during the third quarter of 2005, we considered the impact of the revised outlook of our profitability in the U.S. on our 2005 operating results. The revised outlook of profitability was due in part to the lower than previously anticipated levels of performance, resulting from manufacturing inefficiencies and our failure to achieve projected cost reductions, as well as higher-than-expected costs for steel, other raw materials and energy which we have not been able to recover fully. In light of these developments, there was sufficient negative evidence and uncertainty as to our ability to generate the necessary level of U.S. taxable earnings to realize our deferred tax assets in the U.S. for us to conclude, in accordance with the requirements of SFAS No. 109 and our accounting policies, that a full valuation allowance against the net deferred tax asset was required. Additionally, we concluded that an additional valuation allowance was required for deferred tax assets in the U.K. where recoverability was also considered uncertain. In reviewing our results for the fourth quarter of 2005 and beyond, we concluded that there were no further changes to our previous assessments as to the realization of our other deferred tax assets.

Our deferred tax assets include benefits expected from the utilization of net operating loss, capital loss and credit carryforwards in the future. Due to time limitations on the ability to realize the benefit of the carryforwards, additional portions of these deferred tax assets may become unrealizable in the future. See additional discussion of our deferred tax assets and liabilities in Note 12 to our consolidated financial statements.

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.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

We are exposed to various types of market risks including fluctuations in foreign currency exchange rates, adverse movements in commodity prices for products we use in our manufacturing and adverse changes in interest rates. To reduce our exposure to these risks, we maintain risk management controls to monitor these risks and take appropriate actions to attempt to mitigate such forms of market risks.

Foreign currency exchange rate risks — Our operating results may be impacted by buying, selling and financing in currencies other than the functional currency of our operating companies. We focus on natural hedging techniques which include the following: 1) structuring foreign subsidiary balance sheets with appropriate levels of debt to reduce subsidiary net investments and subsidiary cash flow subject to conversion risk, 2) avoidance of risk by denominating contracts in the appropriate functional currency and 3) managing cash flows on a net basis (both in timing and currency) to minimize the exposure to foreign currency exchange rates.

After considering natural hedging techniques, some portions of remaining exposure, especially for anticipated inter-company and third party commercial transaction exposure in the short term, are considered for hedging using financial derivatives, such as foreign currency exchange rate forwards. We were party to foreign currency contracts for short-term anticipated transactions in U.S. dollars, British pounds, Slovakian krona and euros at the end of 2005.

In addition to the transactional exposure discussed above, our operating results are impacted by the translation of our foreign operating income into U.S. dollars (“translation exposure”). We do not enter into foreign exchange contracts to mitigate translation exposure.

Interest Rate Risk — We manage interest rate exposure by using a combination of fixed- and variable-rate debt and interest rate swaps. At December 31, 2005, we were party to two interest rate swap agreements related to our remaining August 2001 U.S. dollar notes. These agreements effectively convert the fixed interest rates of those notes to a variable interest rate in order to provide a better balance of fixed and variable rate debt. Further disclosures are provided in Note 9 to our consolidated financial statements.

Risk From Adverse Movements In Commodity Prices — The company purchases certain raw materials, including steel and other metals, which are subject to price volatility caused by unpredictable factors. Higher costs of raw materials and other commodities used in the production process have had a significant adverse impact on our operating results in 2005, with steel prices reducing profit by $209, as measured against 2003 year-end price levels. We have taken actions to mitigate the impact, which include cost-reduction programs, consolidation of our supply base and negotiating fixed price supply contracts with our commodity suppliers. In addition, the sharing of increased raw material costs has been, and will continue to be, the subject of negotiations with our customers. No assurances can be given that the magnitude and duration of these increased costs will not have a material impact on our future operating results. We were not party to any financial derivative transactions at December 31, 2005 to hedge commodity price movements.

Item 8. ***Financial Statements and Supplementary Data***

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Dana Corporation

We have completed integrated audits of Dana Corporation's 2005 and 2004 consolidated financial statements, and of its internal control over financial reporting as of December 31, 2005, and an audit of its 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedule

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, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements 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.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 17 to the consolidated financial statements, the Company voluntarily filed for Chapter 11 bankruptcy protection on March 3, 2006. This action, which was taken primarily as a result of liquidity issues as discussed in Note 17 to the consolidated financial statements, raises substantial doubt about the Company's ability to continue as a going concern. Management's plan in regard to this matter is also described in Note 17. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 14 to the consolidated financial statements, the Company changed its method of accounting for warranty liabilities effective January 1, 2005. As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for asset retirement obligations in 2005.

Internal control over financial reporting

Also, we have audited management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A, that Dana Corporation did not maintain effective internal control over financial reporting as of December 31, 2005 because of the effect of the material weaknesses relating to: (1) the lack of an effective control environment at its Commercial Vehicle business unit, (2) the financial and accounting organization not being adequate to support its financial accounting and reporting needs, (3) the lack of effective controls over the completeness and accuracy of certain revenue and expense accruals, (4) the lack of effective controls over reconciliations of certain financial statement accounts, (5) the lack of effective controls over the valuation and accuracy of long-lived assets

and goodwill, and (6) the lack of effective segregation of duties over automated and manual transaction processes, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The following material weaknesses have been identified and included in management's assessment as of December 31, 2005:

(1) The Company did not maintain an effective control environment at the Commercial Vehicle business unit. Specifically, there were inadequate controls to prevent, identify and respond to improper intervention or override of established policies, procedures and controls by management within the Commercial Vehicle business unit. This improper management intervention and override at this business unit allowed the improper recording of certain transactions with respect to asset sale contracts, supplier cost recovery arrangements and contract pricing changes to achieve accounting results that were not in accordance with GAAP and journal entries which were not appropriately supported or documented. Additionally, financial personnel in the unit failed to report instances of inappropriate conduct and potential financial impropriety to senior financial management outside the unit. This control deficiency primarily affected accounts receivable, accounts payable, accrued liabilities, revenue, other income, and other direct expenses.

(2) The Company's financial and accounting organization was not adequate to support its financial accounting and reporting needs. Specifically, lines of communication between the Company's operations, accounting and finance personnel were not adequate to raise issues to the appropriate level of

accounting personnel and the Company did not maintain a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training in the application of GAAP commensurate with the Company's financial reporting requirements. This control deficiency resulted in ineffective controls over the accurate and complete recording of certain customer contract pricing changes and asset sale contracts (both within and outside of the Commercial Vehicle business unit) to ensure they were accounted for in accordance with GAAP. The lack of a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training contributed to the control deficiencies discussed in items 3 through 6 below.

(3) The Company did not maintain effective controls over the completeness and accuracy of certain revenue and expense accruals. Specifically, the Company failed to identify, analyze, and review certain accruals at period end relating to certain accounts receivable, accounts payable, accrued liabilities, revenue, and other direct expenses to ensure that they were accurately, completely and properly recorded.

(4) The Company did not maintain effective controls over reconciliations of certain financial statement accounts. Specifically, the Company's controls over the preparation, review and monitoring of account reconciliations primarily related to certain inventory, accounts payable, accrued expenses and the related income statement accounts and certain inter-company balances were ineffective to ensure that account balances were accurate and supported with appropriate underlying detail, calculations or other documentation, and that inter-company balances appropriately eliminate.

(5) The Company did not maintain effective controls over the valuation and accuracy of long lived assets and goodwill. Specifically, the Company did not maintain effective controls to identify the deterioration in fourth quarter operating results as a condition that triggered a requirement to assess long-lived assets for impairment. Also, certain plants did not maintain effective controls to identify impairment of idle assets in a timely manner. Further, the Company did not maintain effective controls to ensure goodwill impairment calculations were accurate and supported with appropriate underlying documentation, including the determination of net book value and fair value of reporting units.

(6) The Company did not maintain effective segregation of duties over automated and manual transaction processes. Specifically, certain information technology personnel had unrestricted access to financial applications, programs and data beyond that needed to perform their individual job responsibilities and without adequate independent monitoring. In addition, certain personnel with financial responsibilities for purchasing, payables and sales had incompatible duties that allowed for the creation, review and processing of certain financial data without adequate independent review and authorization. This control deficiency primarily affects revenue, accounts receivable and accounts payable.

Each of the control deficiencies described in 1 through 4 above resulted in the restatement of the Company's annual consolidated financial statements for 2004, each of the interim periods in 2004 and the first and second quarters of 2005, as well as adjustments, including audit adjustments, to the Company's third quarter 2005 consolidated financial statements. Each of the control deficiencies described in 2 through 4 above resulted in the restatement of the Company's annual consolidated financial statements for 2003 and 2002. The control deficiency described in 5 above resulted in audit adjustments to the 2005 annual consolidated financial statements. Additionally, each of the control deficiencies described in 1 through 6 above could result in a misstatement of the aforementioned accounts or disclosures that would result in a material misstatement in the Company's annual or interim consolidated financial statements that would not be prevented or detected.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2005 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements.

In our opinion, management's assessment that Dana Corporation did not maintain effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on criteria established in *Internal Control — Integrated Framework* issued by the COSO. Also, in our opinion, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, Dana Corporation has not maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control — Integrated Framework* issued by the COSO.

/s/ PricewaterhouseCoopers LLP

Toledo, Ohio
April 27, 2006

Dana Corporation Consolidated Statement of Income
For the years ended December 31, 2005, 2004 and 2003
(In millions except per-share amounts)

	2005	2004	2003
Net sales	$ 8,611	$ 7,775	$ 6,714
Revenue from lease financing	15	18	42
Other income (expense), net	73	(103)	104
Total revenue	8,699	7,690	6,860
Costs and expenses			
Cost of sales	8,205	7,189	6,123
Selling, general and administrative expenses	500	416	452
Realignment charges	58	44	
Goodwill Impairment	53		
Interest expense	168	206	223
Total costs and expenses	8,984	7,855	6,798
Income (loss) before income taxes	(285)	(165)	62
Income tax (expense) benefit	(924)	205	52
Minority interest	(6)	(5)	(7)
Equity in earnings of affiliates	40	37	48
Income (loss) from continuing operations	(1,175)	72	155
Income (loss) from discontinued operations before income taxes	(441)	17	117
Income tax benefit (expense)	7	(27)	(44)
Income (loss) from discontinued operations	(434)	(10)	73
Income (loss) before effect of change in accounting	(1,609)	62	228
Effect of change in accounting	4		
Net income (loss)	$ (1,605)	$ 62	$ 228
Basic earnings (loss) per common share			
Income (loss) from continuing operations before effect of change in accounting	$ (7.86)	$ 0.48	$ 1.05
Income (loss) from discontinued operations	(2.90)	(0.07)	0.49
Effect of change in accounting	0.03		
Net income (loss)	$ (10.73)	$ 0.41	$ 1.54
Diluted earnings (loss) per common share			
Income (loss) from continuing operations before effect of change in accounting	$ (7.86)	$ 0.48	$ 1.04
Income (loss) from discontinued operations	(2.90)	(0.07)	0.49
Effect of change in accounting	0.03		
Net income (loss)	$ (10.73)	$ 0.41	$ 1.53
Cash dividends declared and paid per common share	$ 0.37	$ 0.48	$ 0.09
Average shares outstanding — basic	150	149	148
Average shares outstanding — diluted	151	151	149

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

Dana Corporation Consolidated Balance Sheet
December 31, 2005 and 2004
(In millions, except par value)

	2005	2004
Assets		
Current assets		
Cash and cash equivalents	$ 762	$ 634
Accounts receivable		
Trade, less allowance for doubtful accounts of $22 — 2005 and $39 — 2004	1,064	1,254
Other	244	437
Inventories	664	898
Assets of discontinued operations	549	
Other current assets	141	185
Total current assets	3,424	3,408
Goodwill	439	593
Investments and other assets	1,077	1,857
Investments in equity affiliates	818	990
Property, plant and equipment, net	1,628	2,171
Total assets	$ 7,386	$ 9,019
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable, including current portion of long-term debt	$ 2,578	$ 155
Accounts payable	948	1,330
Accrued payroll and employee benefits	378	378
Liabilities of discontinued operations	229	
Other accrued liabilities	475	611
Taxes on income	284	199
Total current liabilities	4,892	2,673
Deferred employee benefits and other noncurrent liabilities	1,798	1,759
Long-term debt	67	2,054
Minority interest in consolidated subsidiaries	84	122
Total liabilities	6,841	6,608
Shareholders' equity		
Common stock, $1 par value, shares authorized, 350; shares issued, 150 — 2005 and 150 — 2004	150	150
Additional paid-in-capital	194	190
Retained earnings	819	2,479
Accumulated other comprehensive loss	(618)	(408)
Total shareholders' equity	545	2,411
Total liabilities and shareholders' equity	$ 7,386	$ 9,019

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

Dana Corporation Consolidated Statement of Cash Flows
For the years ended December 31, 2005, 2004 and 2003
(In millions)

	2005	2004	2003
Net cash flows from (used in) operating activities	$ (216)	$ 73	$ 350
Cash flows — investing activities:			
Purchases of property, plant and equipment	(297)	(329)	(323)
Divestitures		968	145
Proceeds from sales of leasing subsidiary assets	161	289	193
Proceeds from sales of other assets	22	61	89
Changes in investments and other assets	11	(80)	60
Payments received on leases and loans	68	13	40
Acquisitions		(5)	
Other	(19)	(1)	(10)
Net cash flows from (used in) investing activities	(54)	916	194
Cash flows — financing activities:			
Payments on and repurchases of long-term debt	(61)	(1,457)	(272)
Issuance of long-term debt	16	455	
Net change in short-term debt	492	(31)	(113)
Dividends paid	(55)	(73)	(14)
Other	6	16	17
Net cash flows from (used in) financing activities	398	(1,090)	(382)
Net increase (decrease) in cash and cash equivalents	128	(101)	162
Net change in cash of discontinued operations		4	(2)
Cash and cash equivalents — beginning of year	634	731	571
Cash and cash equivalents — end of year	$ 762	$ 634	$ 731
Reconciliation of net income (loss) to net cash flows — operating activities:			
Net income (loss)	$ (1,605)	$ 62	$ 228
Depreciation and amortization	310	358	394
Loss (gain) on note repurchases		96	(9)
Asset impairment and other related charges	486	37	21
Losses (gains) on divestitures and asset sales	29	18	(38)
Minority interest	(16)	13	9
Deferred income taxes	751	(125)	(35)
Unremitted earnings of affiliates	(40)	(36)	(49)
Change in accounts receivable	146	(275)	(127)
Change in inventories	81	(155)	
Change in other operating assets	(93)	(312)	65
Change in operating liabilities	(304)	448	(81)
Effect of change in accounting	(4)		
Other	43	(56)	(28)
Net cash flows from (used in) operating activities	$ (216)	$ 73	$ 350

Income taxes paid were $127, $43 and $63 in 2005, 2004 and 2003. Interest paid was $164, $237 and $235 in 2005, 2004 and 2003.

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

Dana Corporation Consolidated Statement of Shareholders' Equity and Comprehensive Income (Loss) (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, 2002	$ 149	$ 170	$ 2,276	$ (785)	$ (358)	$ (2)	$ 1,450
Comprehensive income:							
Net income for 2003			228				
Foreign currency translation				297			
Minimum pension liability					86		
Reclassification adjustment						2	
Total comprehensive income							613
Cash dividends declared			(14)				(14)
Issuance of shares for equity compensation plans, net		1					1
Balance, December 31, 2003	149	171	2,490	(488)	(272)	—	2,050
Comprehensive income:							
Net income for 2004			62				
Foreign currency translation				223			
Minimum pension liability					129		
Total comprehensive income							414
Cash dividends declared			(73)				(73)
Issuance of shares for equity compensation plans, net	1	19					20
Balance, December 31, 2004	150	190	2,479	(265)	(143)	—	2,411
Comprehensive income:							
Net loss for 2005			(1,605)				
Foreign currency translation				(125)			
Minimum pension liability					(152)		
Reclassification adjustment				67			
Total comprehensive loss							(1,815)
Cash dividends declared			(55)				(55)
Issuance of shares for equity compensation plans, net		4					4
Balance, December 31, 2005	$ 150	$ 194	$ 819	$ (323)	$ (295)	$ —	$ 545

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

Dana Corporation
Index to Notes to Consolidated
Financial Statements

1. Organization and Summary of Significant Accounting Policies

2. Preferred Share Purchase Rights

3. Preferred Shares

4. Common Shares

5. Inventories

6. Goodwill

7. Components of Certain Balance Sheet Amounts

8. Investments in Equity Affiliates

9. Financial Instruments and Fair Value of Financial Instruments

10. Compensation Plans

11. Benefit Plans

12. Income Taxes

13. Commitments and Contingencies

14. Warranty

15. Impairments, Discontinued Operations, Divestitures and Realignment of Operations

16. Segments

17. Subsequent Events

Notes to Consolidated Financial Statements
(In millions, except share and per share amounts)

Note 1. Organization and Summary of Significant Accounting Policies

Organization — We serve the majority of the world's vehicular manufacturers as a leader in the engineering, manufacture and distribution of systems and components. Although we divested the majority of our automotive aftermarket businesses in November 2004, we continue to manufacture and supply a variety of service parts. We have also been a provider of lease financing services in selected markets through our wholly-owned subsidiary, Dana Credit Corporation (DCC).

The preparation of these consolidated financial statements in accordance with generally accepted accounting principles (GAAP) in the U.S. 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; restructuring, environmental, product liability and warranty accruals; valuation of post-employment 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 our consolidated financial statements.

Reorganization Proceedings under Chapter 11 of the Bankruptcy Code — On March 3, 2006 (the Filing Date), Dana Corporation and forty of our wholly-owned domestic subsidiaries (collectively, the Debtors) filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). These Chapter 11 cases are collectively referred to as the "Bankruptcy Cases." Neither DCC nor any of our non-U.S. affiliates commenced any bankruptcy proceedings.

Principles of Consolidation — Our 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. Our 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 — In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," 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 our ongoing operations and we 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. SFAS No. 144 requires the reclassification of amounts presented for prior years to effect their classification as discontinued operations. The amounts presented in the income statement for years prior to 2005 were reclassified to comply with SFAS No. 144.

With respect to the consolidated balance sheet, the assets and liabilities relating to our discontinued operations are aggregated and reported separately as assets and liabilities of discontinued operations following the decision to dispose of the components. As a result of the completion of the divestiture of the majority of our automotive aftermarket businesses in November 2004, the balance sheet as of December 31, 2004 did not include any assets or liabilities of discontinued operations. The balance sheet at December 31, 2005 reflects our announced plan to sell our engine products, routing products and pump products businesses during 2006. In the consolidated statement of cash flows, the cash flows of discontinued operations are not reclassified. See Note 15 for additional information regarding our discontinued operations.

Foreign Currency Translation — The financial statements of subsidiaries and equity affiliates outside the 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 typically is the local currency. Transaction gains and losses resulting from translating assets and liabilities of these entities into the functional currency are included in net earnings. Other income includes transaction losses of $8, gains of $1 and $4 in 2005, 2004 and 2003, respectively. When translating into U.S. dollars, income and expense items are translated at average monthly rates of exchange, while 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 and included 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 included in net income for these affiliates were $2 in 2005 and 2004 and immaterial in 2003.

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 — Pursuant to SFAS No. 142, "Goodwill and Other Intangible Assets," we discontinued amortizing goodwill in 2002 and now test goodwill for impairment on an annual basis as of December 31 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 the associated goodwill.

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 irrevocable right to use the tooling over the contract period. If we have a contractual right to bill our customers, costs incurred in connection with the design and development of tooling are carried as a component of other accounts receivable until invoiced. 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. At December 31, 2005, the machinery and equipment component of property, plant and equipment included $14 of our tooling related to long-term supply arrangements and $6 of our customers' tooling which we have the irrevocable right to use, while trade and other accounts receivable included $58 of costs related to tooling which we have a contractual right to collect from our customers.

Lease Financing — Lease financing consists of direct financing leases, leveraged leases and operating leases on equipment. Income on direct financing leases is recognized by a method that produces a constant periodic rate of return on the outstanding investment in the lease. Income on leveraged leases is recognized by a method that 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. Operating leases for equipment are 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 that 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 whenever events and circumstances indicate they may be impaired. When appropriate, carrying amounts 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, while 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 income taxes are provided for temporary differences between the recorded values of assets and liabilities for financial reporting purposes and the basis of such assets and liabilities as measured by tax laws and regulations. Deferred income taxes are also provided for net operating loss, tax credit and other carryforwards. Amounts are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

In accordance with SFAS No. 109, “Accounting for Income Taxes,” we periodically assess whether it is more likely than not that we will generate sufficient future taxable income to realize our deferred income tax assets. This assessment requires significant judgment and, in making this evaluation, we consider all available positive and negative evidence. Such evidence includes historical results, trends and expectations for future U.S. and non-U.S. pre-tax operating income, the time period over which our temporary differences and carryforwards will reverse and the implementation of feasible and prudent tax planning strategies. While the assumptions require significant judgment, they are consistent with the plans and estimates we are using to manage the underlying business.

We provide a valuation allowance against our deferred tax assets if, based upon available evidence, we determine that it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. Creating a valuation allowance serves to increase income tax expense during the reporting period. Once created, a valuation allowance against deferred tax assets is maintained until realization of the deferred tax asset is judged more likely than not to occur. Reducing a valuation allowance against deferred tax assets serves to reduce income tax expense unless the reduction occurs due to the expiration of the underlying loss or tax credit carry-forward period.

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 currency 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 adjust the mix of our fixed and floating rate debt. We do not use derivatives for trading or speculative purposes and we do not hedge all of our exposures.

We follow 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. Our fixed-for-variable interest rate swap agreements have been formally designated as fair value hedges. The effect of marking these contracts to market has been recorded in the balance sheet as a direct adjustment of the underlying debt. The adjustment does not affect the results of operations unless the contract is terminated, in which case the receipt of cash is offset by a valuation adjustment of the underlying debt that is amortized to interest expense over the remaining life of the debt. The repurchase in 2004 of a portion of our notes resulted in a significant reduction in the amount of the related valuation adjustments. Forward currency contracts have not been designated as hedges and the effect of marking these instruments to market has been recognized in the results of operations.

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 that do not contribute to our 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.

Settlements with insurers — In certain circumstances we commute policies that provide insurance for asbestos-related bodily injury claims. The insurance proceeds are recognized in the periods in which the company recognizes asbestos claims to which they relate and defers that portion related to future demands for which the company has not recorded a liability.

Pension Benefits — Annual net pension benefits/expenses under defined benefit pension plans are determined on an actuarial basis. Our policy is to fund these costs through deposits with trustees in amounts that, at a minimum, satisfy the 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 post-employment 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.

Cash and Cash Equivalents — For purposes of reporting cash flows, we consider highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Our marketable securities satisfy the criteria for cash equivalents and are classified accordingly.

At December 31, 2005, we maintained cash deposits of $109 to provide credit enhancement for certain lease agreements and to support surety bonds that allow us to self-insure our workers’ compensation obligations. These financial instruments are typically renewed each year. The deposits may not be withdrawn.

Our ability to move cash among operating locations is subject to the operating needs of those locations in addition to locally imposed restrictions on the transfer of funds in the form of dividends or loans. Restricted net assets related to our consolidated subsidiaries totaled $127 as of December 31, 2005. The $127 is attributable to $106 of our Venezuelan operations due to strict governmental limitations on our subsidiaries’ ability to transfer funds outside the country and $21 of cash deposits required by certain of our Canadian subsidiaries in connection with credit enhancements on lease agreements and the support of surety bonds.

Equity-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 our stock options as they were granted at the market value of the underlying stock. The table below sets forth the amounts that would have been recorded as stock option expense for the years ended December 31, 2005, 2004 and 2003, if we had used the fair value method of accounting, the alternative policy set out in SFAS No. 123, "Accounting for Stock-Based Compensation."

	Year Ended December 31,		
	2005	2004	2003
Stock compensation expense, as reported	$ 6	$ 3	$ 2
Stock option expense, pro forma	37	8	14
Stock compensation expense, pro forma	$ 43	$ 11	$ 16
Net income (loss), as reported	$ (1,605)	$ 62	$ 228
Net income (loss), pro forma	(1,642)	54	214
Basic earnings per share			
Net income (loss), as reported	$ (10.73)	$ 0.41	$ 1.54
Net income (loss), pro forma	(10.98)	0.36	1.45
Diluted earnings per share			
Net income (loss), as reported	$ (10.73)	$ 0.41	$ 1.53
Net income (loss), pro forma	(10.98)	0.36	1.44

As a result of our providing a valuation allowance against our U.S. net deferred tax assets as of the beginning of 2005, no tax benefit related to stock compensation expense has been reflected for the year ended December 31, 2005. Tax benefits of $5 and $9 were reflected for the same period in 2004 and 2003.

Accelerated Option Vesting — On December 1, 2005, the Compensation Committee of our Board approved the immediate vesting of all unvested stock options and stock appreciation rights (SARs) granted to employees under the Amended and Restated Stock Incentive Plan with an option exercise price of $15.00 or more per share or an SAR grant price of $15.00 or more. As a result, unvested stock options granted under the plan to purchase 3,584,646 shares of our common stock, with a weighted average exercise price of $18.23 per share, and 11,837 unvested SARs, with a weighted grant price of $21.97 per share, became exercisable on December 1, 2005, rather than on the later dates when they would have vested in the normal course.

The decision to accelerate the vesting of these stock options and SARs was made to reduce the compensation expense that we would otherwise be required to record in future periods following our adoption of SFAS No. 123(R) in January 2006. If the vesting of these stock options and SARs had not been accelerated, we would have expected to recognize an incremental share-based compensation expense of approximately $19 in the aggregate from 2006 through 2009. The resulting pro forma share-based expense of $19 is included in the pro forma 2005 expense reflected in the table above. As a result of the accelerated vesting, we expect to recognize approximately $4 of share-based compensation from 2006 through 2008, in the aggregate, with respect to the options and SARs that remained unvested at December 31, 2005.

Option Valuation Methods — During the first quarter of 2005, we changed the method used to value stock option grants from the Black-Scholes method to the binomial method. We believe the binomial method provides a fair value that is more representative of our historical exercise and termination experience because the binomial method considers the possibility of early exercises of options. We have valued stock options granted prior to January 1, 2005 using the Black-Scholes method and stock options granted thereafter using the binomial method.

The weighted average fair value of the 2,368,570 options and SARs granted in 2005 was $4.04 per share under the binomial method, using a weighted average market value at date of grant of $14.87 and

the following weighted average assumptions: risk-free interest rate of 3.91%, a dividend yield of 2.69%, volatility of 30.8% to 31.5%, expected forfeitures of 17.93% and an expected option life of 6.8 years.

The key assumptions used in 2004 and 2003 under the Black-Scholes method are as follows:

	2004	2003
Risk-free interest rate	3.29%	2.97%
Dividend yield	2.22%	0.48%
Expected life	5.4 years	5.4 years
Stock price volatility	51.84%	43.46%

Other Equity Grants — Our Stock Incentive Plan also provides for the issuance of restricted stock units, restricted shares, stock awards and performance shares and SARs, which may be granted separately or in conjunction with options. During 2005, we granted 66,625 restricted stock units, 17,000 restricted shares, 342,104 stock-denominated performance shares, 67,250 shares as stock awards and 7,960 SARs. The vesting periods, where applicable, range from one to five years. Charges to expense related to these incentive awards totaled $3 in 2005. At December 31, 2005, there were 6,052,225 shares available for future grants of options and other types of awards under this plan.

Recent Accounting Pronouncements — In May 2005, the Financial Accounting Standards Board (FASB) issued SFAS No. 154, “Accounting Changes and Error Corrections.” SFAS No. 154 replaces Accounting Principles Board Opinion No. 20, “Accounting Changes,” and SFAS No. 3, “Reporting Accounting Changes in Interim Financial Statements,” and requires the direct effects of accounting principle changes to be retrospectively applied. The existing guidance with respect to accounting estimate changes and error corrections of errors is carried forward in SFAS No. 154. SFAS No. 154 is effective for accounting changes and corrections made in fiscal years beginning after December 15, 2005. We do not expect the adoption of SFAS No. 154 to have a material effect on our financial statements.

In March 2005, the FASB issued Financial Interpretation No. 47 (FIN 47), “Accounting for Conditional Asset Retirement Obligations.” FIN 47 is an interpretation of SFAS No. 143, “Accounting for Asset Retirement Obligations,” and clarifies that liabilities associated with asset retirement obligations whose timing or settlement method are conditional upon future events should be recognized at fair value as soon as fair value is reasonably estimable. FIN 47 also provides guidance on the information required to reasonably estimate the fair value of the liability. Our adoption of FIN 47 during the fourth quarter of 2005 resulted in an after-tax charge of $2 recorded as the effect of a change in accounting in our Consolidated Statement of Income. A conditional asset retirement obligation of $3 and an associated asset of $1, net of accumulated depreciation of less than $1, were recorded at December 31, 2005. If the provisions of FIN 47 had been applied retrospectively to December 31, 2004 and 2003, a liability of $3 would have been recorded at both dates. An asset of less than $1, net of accumulated depreciation, would have been recorded at both December 31, 2004 and 2003. Related accretion and depreciation expense, on an after-tax basis, for the years ended December 31, 2005, 2004 and 2003 would have been less than $1 during each period.

In December 2004, the FASB issued SFAS No. 123(R), “Share-Based Payment.” SFAS No. 123(R) requires recognition of the cost of employee services provided in exchange for stock options and similar equity instruments based on the fair value of the instrument at the date of grant. The effective date for this guidance was delayed for public companies until January 1, 2006. The requirements of SFAS No. 123(R) apply to stock options granted subsequent to December 31, 2005, as well as the unvested portion of prior grants. On December 1, 2005, all of our unvested stock options with an exercise price of $15.00 or more per share and all of our SARs with a grant price of $15.00 or more held by our employees were immediately vested. See Note 10 for further details regarding our compensation plans.

We will begin recognizing compensation expense related to stock options and SARs in the first quarter of 2006. The amount of the total share-based compensation expense in 2006 will be affected by the volume of grants, exercises and forfeitures, our dividend rate and the volatility of our stock price. We expect

to recognize approximately $4 of share-based compensation from 2006 through 2008, in the aggregate, with respect to the employee options and SARs that remained unvested at December 31, 2005. See Note 10 for additional information.

In December 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4." SFAS No. 151, effective January 1, 2006, requires the treatment of certain abnormal costs, such as idle facility expense, excessive freight and handling, as period expenses and requires that allocation of fixed overhead be based on normal capacity. We are in the process of evaluating the potential impact on our financial position and results of operations. While we believe the new guidance will affect certain of our units, we do not believe it will have a material impact overall.

Note 2. Preferred Share Purchase Rights

Pursuant to our Rights Agreement dated as of April 25, 1996, we have a preferred share purchase rights plan 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 25, 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

We have 5,000,000 shares of preferred stock authorized, without par value, including 1,000,000 shares reserved for issuance under the Rights Agreement referred to in Note 2. No shares of preferred stock have been issued.

Note 4. Common Shares

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

	2005	2004	2003
Shares outstanding at beginning of year	149.9	148.6	148.6
Issued for equity compensation plans, net of forfeitures	0.6	1.3	
Shares outstanding at end of year	150.5	149.9	148.6

Certain of our employee and director stock option plans provide that participants may tender stock to satisfy the purchase price of the shares and/or the income taxes required to be withheld on the transaction.

In connection with these plans, we repurchased 635 and 4,914 shares of common stock in 2005 and 2004. No shares were repurchased in 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 (in millions):

	2005	2004	2003
Average shares outstanding for the year — basic	149.6	148.8	148.2
Plus: Incremental shares from:			
Deferred compensation units	0.6	0.4	0.3
Restricted stock	0.2	0.3	0.1
Stock options	0.6	1.1	0.2
Potentially dilutive shares	1.4	1.8	0.6
Average shares outstanding for the year — diluted	151.0	150.6	148.8

Potential common shares of 13.3, 11.9 and 15.1 for the years ended December 31, 2005, 2004 and 2003 have been excluded from the computation of diluted net earnings per share. The effect of including them is anti-dilutive. These shares represent stock options with exercise prices higher than the average share price of our stock during the respective periods.

Note 5. Inventories

The components of inventory are as follows:

	December 31	
	2005	2004
Raw materials	$ 250	$ 414
Work in process and finished goods	414	484
Total	$ 664	$ 898

Inventories amounting to $252 and $401 at December 31, 2005 and 2004 were valued using the LIFO method. If all inventories were valued at replacement cost, reported values would be increased by $109 and $121 at December 31, 2005 and 2004. During 2005, we experienced reductions in certain inventory quantities which caused a liquidation of LIFO inventory values and reduced our net loss by $7. See Note 15 for inventories reclassified to discontinued operations.

Note 6. Goodwill

In accordance with SFAS No. 142, “Goodwill and Other Intangible Assets,” goodwill is required to be tested for impairment annually at the reporting unit level. In addition, goodwill must be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its related carrying value. Fair value is approximated using a discounted future cash flow method.

During the third quarter of 2005, management determined that we were likely to divest our engine hard parts, fluid products and pump products businesses within ASG. Although these operations were considered “held for use” at September 30, 2005, the likelihood of divesting these businesses triggered a review of goodwill and other long-lived assets relating to these operations. Goodwill related to these businesses was $86. Of this amount, $83 was written off as impaired and the remaining $3 was reclassified to assets of discontinued operations at December 31, 2005.

In connection with the 2005 annual assessment completed as of December 31, management determined that $53 of goodwill was impaired, including $28 related to structural products, $8 related to heavy

axle products, $7 related to a DCC investment and $10 related to a joint venture based in the U.K. These amounts are reported in continuing operations in the Statement of Income.

Changes in goodwill during the years ended December 31, 2005 and 2004, by segment, were as follows:

	Beginning Balance	Discontinued Operations	Impairments	Effect of Currency and Other	Ending Balance
2005					
ASG	$ 463	$ (86)	$ (38)	$ (11)	$ 328
HVTSG	123		(8)	(4)	111
DCC	7		(7)		
Total	$ 593	$ (86)	$ (53)	$ (15)	$ 439
2004					
ASG	$ 431			$ 32	$ 463
HVTSG	125			(2)	123
DCC	2			5	7
Total	$ 558	$ —	$ —	$ 35	$ 593

Note 7. Components of Certain Balance Sheet Amounts

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

	December 31, 2005	December 31, 2004
Other Current Assets		
Deferred tax benefits	$ 9	$ 113
Prepaid expense and other	132	72
Total	$ 141	$ 185
Investments and Other Assets		
Prepaid pension expense	$ 349	$ 407
Deferred tax benefits	189	761
Investments in leases	192	281
Notes receivable	96	106
Amounts recoverable from insurers	67	24
Other	184	278
Total	$ 1,077	$ 1,857
Property, Plant and Equipment, Net		
Land and improvements to land	$ 81	$ 102
Buildings and building fixtures	629	754
Machinery and equipment	2,950	3,656
Total	3,660	4,512
Less: Accumulated depreciation	2,032	2,341
Total	$ 1,628	$ 2,171
Deferred Employee Benefits and Other Noncurrent Liabilities		
Postretirement other than pension	$ 906	$ 919
Pension	407	414
Product liabilities	182	112
Postemployment	115	113
Environmental	49	50
Compensation	16	43
Other noncurrent liabilities	123	108
Total	$ 1,798	$ 1,759
The components of investments in leases are as follows:		
Leveraged leases	$ 208	$ 287
Direct financing and other leases	1	9
Allowance for credit losses	(17)	(12)
Total	192	284
Less: Current portion		3
Total	$ 192	$ 281

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

	December 31, 2005	December 31, 2004
Rentals receivable	$ 1,516	$ 2,312
Residual values	135	248
Nonrecourse debt service	(1,244)	(1,905)
Unearned income	(199)	(368)
Total investments	208	287
Less: Deferred taxes arising from leverage leases	170	164
Net investments	$ 38	$ 123

Note 8. Investments in Equity Affiliates

Equity Affiliates — At December 31, 2005, we had a number of investments in entities that engage in the manufacture of vehicular parts, primarily axles, driveshafts, wheel-end braking systems, all wheel drive systems and transmissions, supplied to OEMs. In addition, DCC had a number of investments in entities, primarily general and limited partnerships and limited liability companies that are 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 at December 31, 2005 (those with an investment balance exceeding $5) were as follows:

Investment	Ownership
Bendix Spicer Foundation Brake LLC	19.8%
GETRAG Getriebe-und Zahnradfabrik Hermann Hagenmeyer GmbH & Cie	30.0
GETRAG Corporation of North America	49.0
GETRAG Dana Holding GmbH	42.0
Spicer, S.A. de C.V.	48.8
Taiway Ltd.	13.9

At December 31, 2005, the investment in the affiliates presented above was $598, out of an aggregate investment of $611 in all affiliates that engage in manufacturing activities. Summarized combined financial information for all of our equity affiliates engaged in manufacturing activities follows:

	2005	2004	2003
Statement of Income Information:			
Net sales	$ 2,205	$ 2,198	$ 1,929
Gross profit	259	256	294
Net income	56	57	107
Dana's share of net income	30	29	28
Financial Position Information:			
Current assets	$ 717	$ 783	
Noncurrent assets	1,181	1,443	
Current liabilities	$ 520	$ 752	
Noncurrent liabilities	500	481	
Net worth	878	993	
Dana's share of net worth	$ 611	$ 690	

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, 2005 follow:

Investment	Ownership
Indiantown Cogeneration LP	75.2%
Pasco Cogen Ltd.	50.1
Terabac Investors LP	79.0
Triumph Trust	66.4

At December 31, 2005, DCC's investment in the affiliated entities presented above was $148 out of an aggregate investment of $207 in DCC affiliates that engage in financing activities. Summarized combined financial information of all of DCC's equity affiliates engaged in lease financing activities follows:

	2005	2004	2003
Statement of Income Information:			
Lease finance and other revenue	$ 73	$ 97	$ 164
Net income	25	25	71
DCC's share of net income	10	8	20
Financial Position Information:			
Lease financing and other assets	$ 383	$ 662	
Total liabilities	114	139	
Net worth	$ 269	$ 523	
DCC's share of net worth	$ 207	$ 300	

Variable Interest Entities (VIEs) — Included in the equity affiliates engaged in lease financing activities in the table above are certain affiliates that qualify as VIEs, where DCC is not the primary beneficiary. In addition, DCC has several investments in leveraged leases that qualify as VIEs but are not required to be consolidated under FIN No. 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 Leveraged Leases	2005	2004
Total minimum lease payments	$ 499	$ 548
Residual values	63	63
Nonrecourse debt service	(292)	(340)
Unearned income	(141)	(151)
	129	120
Less — Deferred income taxes	(68)	(57)
Net investment in leveraged leases	$ 61	$ 63
DCC's share of net investments	$ 31	$ 31

Investment in Equity Affiliates	2005	2004
Lease financing assets	$ 143	$ 285
Total assets	$ 324	$ 503
Total liabilities	145	183
Total net worth	$ 179	$ 320
DCC's share of net worth	$ 147	$ 200
Revenue	$ 33	$ 66
Total expenses	35	45
Net income	$ (2)	$ 21
DCC's share of net income	$ 4	$ 6

The investment in equity affiliates that qualify as VIEs relate to investments in real estate, 8%; cruise ship, 51%; natural gas processing facilities, 14%; aircraft, 14%; and affordable housing, 13%.

The net investment in leveraged leases at December 31, 2005 relates to an entity that has a leveraged lease in a power generation facility. DCC has made loans to VIEs, including two loans with outstanding balances of $9 at December 31, 2005, to equity affiliates included in the table above. DCC also has three loans with an aggregate outstanding balance of $11, 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.

We have 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, 2005 and for the year then ended are not material. Our total investment at risk in these VIEs at December 31, 2005, including loans, was $17. In addition, we have a business relationship with a supplier whose principal activity is manufacturing. The entity qualifies as a VIE and we are the primary beneficiary. We do not consolidate this entity into our financial statements due to the inability to obtain appropriate accounting information. Our total loss exposure for this VIE is $18 at December 31, 2005.

Our retained earnings includes undistributed income of our non-consolidated manufacturing and leasing affiliates accounted for under the equity method of $315 and $226 at December 31, 2005 and 2004, respectively.

Note 9. Financial Instruments and Fair Value of Financial Instruments

Short-term Debt — Our accounts receivable securitization program provided up to a maximum of $275 at December 31, 2005 to meet periodic demand for short-term financing. Under the program, certain of our divisions and subsidiaries either sold or contributed accounts receivable to Dana Asset Funding LLC (DAF), a special purpose entity. DAF funded its accounts receivable purchases by pledging the receivables as collateral for short-term loans from participating banks.

The securitized account receivables were owned in their entirety by DAF. DAF's receivables are included in our consolidated financial statements solely because DAF does not meet certain accounting requirements for treatment as a "qualifying special purpose entity" under generally accepted accounting principles. Accordingly, the sales and contributions of the account receivables 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 were 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 was subject to possible termination by the lenders in the event our senior unsecured credit ratings were lowered below B3 by Moody's Investor Service (Moody's) and B- by Standard & Poor's (S&P).This program has an annual renewal date every April 15. The interest rates under the facility equal the London inter-bank offered rate (LIBOR) or bank prime, plus a spread that

varies depending on our credit ratings. In February 2006, S&P lowered our credit rating to CCC+. As a result, we obtained a waiver under this program to remove the credit rating.

As of December 31, 2005, we had a five-year bank facility, maturing on March 4, 2010, that provided us with $400 in borrowing capacity. The facility required us to meet specified financial ratios as of the end of each calendar quarter, including the ratio of net senior debt to tangible net worth; the ratio of earnings before interest, taxes, depreciation and amortization (EBITDA) less capital expenditures to interest expense; and the ratio of net senior debt to EBITDA with all terms as defined in the facility. As amended during June 2005, the ratios are: (i) net senior debt to tangible net worth of not more than 1.10:1; (ii) EBITDA less capital expenditures to interest expense of not less than 2.25:1 at December 31, 2005; and 2.50:1 thereafter and (iii) net senior debt to EBITDA of not greater than 2.75:1 at December 31, 2005 and 2.50:1 thereafter. The ratio calculations were based on the additional financial information that presented our consolidated financial statements with DCC accounted for on an equity basis. Excluding DCC, we had committed borrowing lines of $942 and uncommitted lines of $241 at December 31, 2005. At December 31, 2005, borrowings outstanding under our various lines consisted of $377 under the bank facility, $185 under the accounts receivable securitization program and $25 drawn by non-U.S. subsidiaries.

We announced in September and October 2005 that we had lowered our 2005 earnings estimate and that we would establish a valuation allowance against our U.S. deferred tax assets and restate our financial statements for the first and second quarters of 2005, the year 2004 and prior periods. In connection with those announcements, we obtained waivers under our bank and accounts receivable agreements of covenants requiring that our previously issued financial statements be prepared in accordance with accounting principles generally accepted in the United States (GAAP), any events of default that might have resulted or might result in connection with the announcements and a waiver under the bank facility for all three financial covenants for the end of the third quarter of 2005. During the fourth quarter of 2005, we amended both the bank and accounts receivable agreements and we obtained extensions of the existing waivers under these agreements to May 31, 2006, including the waivers of the financial covenants in the bank facility. In addition, the lenders waived non-compliance with other covenants related to the delayed filing or delivery of this report, as well as the reports for the earlier periods that were restated. As part of the amendment of the bank facility, we granted security interests in certain domestic current assets and machinery and equipment.

Fees are paid to the banks for providing committed lines, but not for uncommitted lines. We paid fees of $10, $6 and $5 in 2005, 2004 and 2003 in connection with our committed facilities. Amortization of bank commitment fees totaled $7, $7 and $4 in 2005, 2004 and 2003.

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

	Amount	Weighted Average Interest Rate
Balance at December 31, 2005	$ 587	6.5%
Average during 2005	400	4.5
Maximum during 2005 (month end)	587	6.5
Balance at December 31, 2004	$ 98	3.6%
Average during 2004	315	4.3
Maximum during 2004 (month end)	419	3.8

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

In March 2004, the $231 of 6.25% notes matured and was repaid. In December 2004, we tendered for and repurchased $891 (or the equivalent) of our March 2010 and August 2011 notes. Specifically, we repurchased $175 of the March 2010 notes and $460 and € 193 (the equivalent of $256) of the August

2011 notes. The $1,086 paid for the notes exceeded their carrying amount (including $52 of valuation adjustments resulting from the termination of prior hedging arrangements) and unamortized issuance costs by $155. This loss and the $2 of expenses related to the tender offer are included in other expense and affected net income in 2004 by $96. The funds used for the repurchase included the proceeds of an issue of $450 of 5.85% unsecured notes due January 15, 2015. As part of the tender process, the respective note holders consented to the modification of the indentures governing the March 2010 and August 2011 notes, effectively eliminating the limits on borrowings, payments and transactions that we may undertake.

At December 31, 2005, long-term debt at DCC included notes totaling $275 outstanding under a $500 Medium Term Note Program established during 1999. Terms of the notes were 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, except as permitted. Interest on the notes is payable on a semi-annual basis. During 2005, DCC refinanced a secured note related to one of its investments, due 2007, as non-recourse notes due 2010 and increased the principal outstanding from $40 to $55.

Debt Reclassification — As of June 30, 2005, we had determined that following the expiration of the waivers obtained through May 31, 2006, it was unlikely that we would be able to comply with the financial covenants in our bank facility during the subsequent twelve-month period. Non-compliance would trigger cross-acceleration provisions in most of our indenture agreements. Therefore, under the accounting requirements for debt classification, we reclassified our long-term debt that was subject to cross-acceleration as debt payable within one year. Our filing for reorganization under Chapter 11 of the U.S. Bankruptcy Code on March 3, 2006 (see above and Note 17), triggered the immediate acceleration of certain direct financial obligations, including, among others, currently outstanding non-secured notes issued under the company's Indentures dated as of December 15, 1997; August 8, 2001; March 11, 2002 and December 10, 2004. The accelerated amounts are characterized as unsecured debt for purposes of the reorganization proceedings in the Bankruptcy Court. Only the $55 of certain DCC non-recourse debt and $12 of certain international borrowings continue to be classified as noncurrent debt.

Details of our consolidated long-term debt are as follows:

	December 31,	
	2005	2004
Indebtedness of Dana, excluding consolidated subsidiaries —		
Unsecured notes, fixed rates —		
6.5% notes, due March 15, 2008	$ 150	$ 150
7.0% notes, due March 15, 2028	164	164
6.5% notes, due March 1, 2009	349	349
7.0% notes, due March 1, 2029	266	266
9.0% notes, due August 15, 2011	115	115
9.0% euro notes, due August 15, 2011	9	10
10.125% notes, due March 15, 2010	74	74
5.85% notes, due January 15, 2015	450	450
Valuation adjustments	5	9
Indebtedness of DCC —		
Unsecured notes, fixed rates, 2.00% — 8.375%, due 2005 to 2011	400	450
Secured notes, due 2010, variable rate of 6.15% at the end of 2004		40
Nonrecourse notes, fixed rates, 5.2%, due 2010	55	4
Indebtedness of other consolidated subsidiaries	21	30
Total long-term debt	2,058	2,111
Less: Amount reclassified to current liabilities	1,898	
Less: Current maturities	93	57
Long-term debt reported as noncurrent liabilities	$ 67	$ 2,054

The total maturities of all long-term debt for the next five years and after are as follows: 2006, $93; 2007, $315; 2008, $153; 2009, $354 and 2010 and beyond, $1,143.

Interest Rate Agreements — Under our interest rate swap agreements, we have agreed to exchange with third parties, at specific intervals, the fixed and variable rate interest amounts calculated by reference to agreed notional amounts. Differentials to be paid or received under these agreements were accrued and recognized as adjustments to interest expense.

Swap Agreements — We were a party to two interest rate swap agreements, expiring in August 2011, under which we have agreed to exchange the difference between fixed rate and floating rate interest amounts on notional amounts corresponding with the amount and term of our August 2011 notes. Converting the fixed interest rate to a variable rate was intended to provide a better balance of fixed and variable rate debt. Both swap agreements have been designated as fair value hedges of the August 2011 notes. Based on the aggregate fair value of these agreements, we recorded a $4 non-current liability at December 31, 2005, which was offset by a decrease in the carrying value of long-term debt. Additional adjustments to the carrying value of long-term debt resulted from the modification or replacement of swap agreements that generated cash receipts prior to 2004. These valuation adjustments, which are being amortized as a reduction of interest expense over the remaining life of the notes, totaled $5 at December 31, 2005.

As of December 31, 2005, the interest rate swap agreements provided for us to receive a fixed rate of 9.0% on a notional amount of $114 and pay variable rates based on LIBOR, plus a spread. The average variable rate under these contracts approximated 9.4% at the end of 2005.

Fair Value of Financial Instruments — The estimated fair values of our financial instruments are as follows:

	December 31,			
	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 762	$ 762	$ 634	$ 634
Notes receivable	96	96	106	106
Loans receivable (net)	18	14	28	29
Investment securities	8	8	8	8
Currency forwards	2	2	4	4
Financial liabilities				
Short-term debt	$ 587	$ 587	$ 98	$ 98
Long-term debt	2,058	1,705	2,111	2,235
Interest rate swaps	4	4	1	1
Currency forwards	3	3	2	2

Note 10. Compensation Plans

Employee Plans — Under our Stock Incentive Plan, the Compensation Committee of our Board may grant stock options to our employees. All outstanding options have been granted at exercise prices equal to the market price of our underlying common shares on the dates of grant. Generally, the options are exercisable in cumulative 25% increments at each of the first four anniversary dates of the grant and expire ten years from the date of grant. The vesting of some outstanding options has been accelerated as described in Note 1 and below.

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 our stock. At the time of the merger, there were options outstanding under this plan for the equivalent of 1,692,930 shares. No options were granted under

this plan after the merger. The plan expired in 2002 and the options outstanding at the date of expiration remained exercisable according to their terms. All options outstanding under this plan will expire no later than 2008, if not exercised before then.

The following table summarizes the stock option activity under these two plans in the last three years:

	Number of Shares	Weighted Average Exercise Price
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
Granted — 2004	2,018,219	22.03
Exercised — 2004	(958,964)	12.13
Cancelled — 2004	(2,351,475)	31.10
Outstanding at December 31, 2004	16,178,213	26.20
Granted — 2005	2,368,570	14.87
Exercised — 2005	(166,233)	10.12
Cancelled — 2005	(3,079,852)	30.17
Outstanding at December 31, 2005	15,300,698	$ 23.83

The following table summarizes information about the stock options outstanding under these plans at December 31, 2005:

	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-$18.81	6,084,901	7.7	$ 13.33	4,714,083	$ 14.37
20.19- 33.08	6,349,409	5.5	23.87	6,349,409	23.87
37.52- 52.56	2,866,388	2.7	46.01	2,866,388	46.01
	15,300,698	5.9	23.83	13,929,880	25.21

Directors' Plan — Some of our non-management directors have outstanding options granted under our 1998 Directors' Stock Option Plan, which we terminated in 2004. Under the plan, options for 3,000 common shares had been granted annually to each non-management director. The option price was the market value of the stock at the date of grant. The options outstanding on the termination date remained exercisable in accordance with their terms. All options outstanding under this plan will expire no later than 2013, if not exercised before then. The following is a summary of the stock option activity of this plan in the last three years:

	Number of Shares	Weighted Average Exercise Price
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
Cancelled — 2004	(42,000)	33.66
Outstanding at December 31, 2004	189,000	28.73
Cancelled — 2005	(15,000)	24.81
Outstanding at December 31, 2005	174,000	$ 29.07

The following table summarizes information about the stock options outstanding under this plan at December 31, 2005:

	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	6.4	$ 15.56	81,000	$ 15.56
28.78- 32.25	54,000	2.2	30.75	54,000	30.75
50.25- 60.09	39,000	2.8	54.79	39,000	54.79
	174,000	4.3	29.07	174,000	29.07

Director Deferred Fee Plan — Under our Director Deferred Fee Plan, our non-management directors could elect prior to February 2006 to defer payment of their retainers and fees for Board and Committee service under this plan. Deferred amounts were credited to an Interest Equivalent Account and/or a Stock Account. The number of stock units credited to the Stock Account were based on the amount deferred and the market price of our stock. Stock Accounts are credited with additional stock units when cash dividends are paid on our stock, based on the number of units in the Stock Account and the amount of the dividend. The plan also provides that non-management directors are credited with an annual grant of units equal in value to the number of shares of our stock that could have been purchased with $75,000, assuming a stock purchase price based on the average of the high and low trading prices of our stock on the grant date. The plan provides that distributions will be made when the directors retire, die or terminate service with us, in the form of cash and/or our stock.

Equity-Based Compensation — In accordance with our accounting policy for stock-based compensation, we have not recognized any compensation expense relating to our stock options. The table below sets forth the amounts that would have been recorded as stock option expense for the years ended December 31, 2005, 2004 and 2003 if we had used the fair value method of accounting, the alternative policy set out in SFAS No. 123, "Accounting for Stock-Based Compensation."

	Year Ended December 31,		
	2005	2004	2003
Stock compensation expense, as reported	$ 6	$ 3	$ 2
Stock option expense, pro forma	37	8	14
Stock compensation expense, pro forma	$ 43	$ 11	$ 16
Net income (loss), as reported	$ (1,605)	$ 62	$ 228
Net income (loss), pro forma	(1,642)	54	214
Basic earnings per share			
Net income (loss), as reported	$ (10.73)	$ 0.41	$ 1.54
Net income (loss), pro forma	(10.98)	0.36	1.45
Diluted earnings per share			
Net income (loss), as reported	(10.73)	0.41	1.53
Net income (loss), pro forma	(10.98)	0.36	1.44

As a result of our providing a valuation allowance against our U.S. net deferred tax assets as of the beginning of 2005, no tax benefit related to stock compensation expense has been reflected for the year ended December 31, 2005. Tax benefits of $5 and $9 were reflected for 2004 and 2003.

Accelerated Option Vesting — On December 1, 2005, the Compensation Committee of our Board approved the immediate vesting of all unvested stock options and stock appreciation rights (SARs) granted to employees under the Amended and Restated Stock Incentive Plan (SIP) with an option exercise price of $15.00 or more per share or an SAR grant price of $15.00 or more. As a result, unvested stock options granted under the plan to purchase 3,584,646 shares of our common stock, with a weighted average exercise price of $18.23 per share, and 11,837 unvested SARs, with a weighted average grant price of $21.97 per share, became exercisable on December 1, 2005 rather than on the later dates when they would have vested in the normal course.

The decision to accelerate the vesting of these stock options and SARs was made to reduce the compensation expense that we would otherwise be required to record in future periods following our adoption of SFAS No. 123(R).We will adopt SFAS No. 123(R) in January 2006. If the vesting of these stock options and SARs had not been accelerated, we would have expected to recognize an incremental share-based compensation expense of approximately $19 in the aggregate from 2006 through 2009. The resulting pro forma share-based expense of $19 is included in the pro forma 2005 expense reflected in the table above. As a result of the accelerated vesting, we expect to recognize approximately $4 of share-based compensation from 2006 through 2008, in the aggregate, with respect to the options and SARs that remained unvested at December 31, 2005.

Option Valuation Methods — During the first quarter of 2005, we changed the method used to value stock option grants from the Black-Scholes method to the binomial method. We believe the binomial method provides a fair value that is more representative of our historical exercise and termination experience because the binomial method considers the possibility of early exercises of options. We have valued stock options granted prior to January 1, 2005 using the Black-Scholes method and stock options granted thereafter using the binomial method.

The weighted average fair value of the 2,368,570 options and SARs granted in 2005 was $4.04 per share under the binomial method, using a weighted average market value at date of grant of $14.87 and

the following weighted average assumptions: risk-free interest rate of 3.91%, a dividend yield of 2.69%, volatility of 30.8% to 31.5%, expected forfeitures of 17.93% and an expected option life of 6.8 years.

The assumptions used in 2004 and 2003 under the Black-Scholes method are as follows:

	2004	2003
Risk-free interest rate	3.29%	2.97%
Dividend yield	2.22%	0.48%
Expected life	5.4 years	5.4 years
Stock price volatility	51.84%	43.46%

Other Equity Grants — Our Stock Incentive Plan also provides for the issuance of restricted stock units, restricted shares, stock awards and performance shares and SARs, which historically could be granted separately or in conjunction with options. During 2005, we granted 66,625 restricted stock units, 17,000 restricted shares, 342,104 stock-denominated performance shares, 67,250 shares as stock awards and 7,960 SARs. The vesting periods for these grants, where applicable, range from one to five years. Charges to expense related to these incentive awards totaled $3 in 2005. At December 31, 2005, there were 6,052,225 shares available for future grants of options and other types of awards under this plan.

Other Compensation Plans

Additional Compensation Plan — We have had numerous additional compensation plans under which we pay our employees for increased productivity and improved performance. One such plan is our Additional Compensation Plan, under which key management employees selected by our Compensation Committee historically could earn annual cash bonuses if pre-established annual corporate and/or other performance goals were attained. Prior to 2005, the participants in this plan could elect whether to defer the payment of their bonuses, whether the deferred amounts would be credited to a Stock Account and/or an Interest Equivalent Account and whether payment of the deferred awards would be made in cash and/or stock. Amounts deferred in a Stock Account were credited in the form of units, each equivalent to a share of our stock, and the units were credited with the equivalent of dividends on our stock and adjusted in value based on the market value of the stock. The deferral feature was eliminated in 2005; however, plan accounts established before 2005 remain in effect. Expense related to the Stock Accounts is charged or credited in connection with increases or decreases, respectively, in the value of the units in those accounts. Amounts deferred in the Interest Equivalent Accounts are credited quarterly with interest earned at a rate tied to the prime rate.

Activity for the last three years related to the compensation deferred under this plan was as follows:

	2005	2004	2003
Accrued for bonuses	$ —	$ 9	$ 10
Dividends and interest credited to participants' accounts		1	1
Mark-to-market adjustments	(3)	1	3
Plan expense (credit)	$ (3)	$ 11	$ 14

In order to satisfy a portion of our deferred compensation obligations to retirees and other former employees under this plan, we distributed shares totaling 318,641, 229,058 and 9,437 in 2005, 2004 and 2003.

Restricted Stock Plans — Our Compensation Committee may grant restricted common shares to key employees under our 1999 Restricted Stock Plan. The shares are subject to forfeiture until the restrictions lapse or terminate. Generally, the employee must remain employed with us for three to five years after the date of grant to avoid forfeiting the shares. Dividends on granted restricted shares have historically been credited in the form of additional restricted shares. Participants historically could elect to convert their

unvested restricted stock into an equal number of restricted stock units under certain conditions. This conversion feature was eliminated in 2005. There were no restricted shares converted to restricted stock units in 2005 and the number of restricted shares converted to restricted stock units was 4,397 in 2004. The units, which are credited with the equivalent of dividends, are payable in unrestricted stock upon retirement or termination of employment unless subject to forfeiture.

Under the 1999 Restricted Stock Plan, we granted shares of 345,436, 129,500 and 53,900 in 2005, 2004 and 2003. At December 31, 2005, there were 421,160 shares available for future grants and dividends under this plan, including approximately 48,938 shares forfeited in 2005.

Grants were made under the predecessor 1989 Restricted Stock Plan through February 1999, at which time the authorization to grant restricted stock under this plan lapsed. At December 31, 2005, there were 462,313 shares available for issuance in connection with dividends under this plan. Expenses for these plans were $2 for 2005, 2004 and 2003.

Employees' Stock Purchase Plan — Our Employees' Stock Purchase Plan, which had been in effect for many years, was discontinued effective November 1, 2005.

Under the plan, full-time employees of Dana and our wholly-owned subsidiaries and some part-time employees of our non-U.S. subsidiaries had been able to authorize payroll deductions of up to 15% of their earnings. These deductions were deposited with an independent plan custodian. We matched up to 50% of the participants' contributions in cash over a five-year period, beginning with the year the amounts were withheld. To get the full 50% match, shares purchased by the custodian for any given year had to remain in the participant's account for five years.

The custodian used the payroll deductions and matching contributions to purchase our stock at current market prices. As record keeper for the plan, we allocated the purchased shares to the participants' accounts. Shares were distributed to the participants from their accounts on request in accordance with the plan's withdrawal provisions.

The custodian purchased the following number of our shares in the open market in the past three years: 1,447,001, 1,460,940 and 2,503,454 in 2005, 2004 and 2003. Expenses for our matching contributions were $5, $8 and $10 in 2005, 2004 and 2003.

We were also authorized to issue up to 4,500,000 shares to sell to the custodian in lieu of open market purchases. No shares were issued for this purpose.

Note 11. Benefit Plans

Pension — 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 our 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, 2005, statements of the funded status and schedules of the net amounts recognized in the balance sheet at December 31, 2005 and 2004 for both continuing and discontinued operations.

	Pension Benefits				Other Benefits			
	2005		2004		2005		2004	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Reconciliation of benefit obligation								
Obligation at January 1	$ 2,159	$ 938	$ 2,097	$ 817	$ 1,643	$ 104	$ 1,668	$ 91
Service cost	31	15	38	21	9	2	10	3
Interest cost	121	47	128	50	87	6	97	6
Employee contributions		2		3				
Plan amendments		1		4	(35)			
Actuarial (gain) loss	92	180	111	31	(28)	23	4	4
Benefit payments	(248)	(42)	(198)	(45)	(133)	(11)	(122)	(6)
Settlements, curtailments and terminations	8	4	(17)	(6)			(14)	(1)
Acquisitions and divestitures	(12)			(20)				
Translation adjustments		(68)		83		2		7
Obligation at December 31	$ 2,151	$ 1,077	$ 2,159	$ 938	$ 1,543	$ 126	$ 1,643	$ 104
Accumulated benefit obligation at December 31	$ 2,142	$ 1,002	$ 2,146	$ 868				

The measurement date for the amounts in these tables was December 31 of each year presented:

	Pension Benefits			
	2005		2004	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Reconciliation of fair value of plan assets				
Fair value at January 1	$ 2,015	$ 728	$ 1,784	$ 588
Actual return on plan assets	190	111	233	62
Acquisitions and divestitures	(13)			(19)
Employer contributions	41	39	196	94
Employee contributions		2		3
Benefit payments	(248)	(42)	(198)	(44)
Translation adjustments		(43)		44
Fair value at December 31	$ 1,985	$ 795	$ 2,015	$ 728

The following table presents information regarding the funding levels of our defined benefit pension plans:

	December 31			
	2005		2004	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Plans with fair value of plan assets in excess of obligations:				
Fair value of plan assets	$ 624	$ 460	$ 1,305	$ 529
Accumulated benefit obligation	558	442	1,238	509
Projected benefit obligation	562	450	1,245	529
Plans with obligations in excess of fair value of plan assets				
Accumulated benefit obligation	$ 1,584	$ 560	$ 908	$ 359
Projected benefit obligation	1,588	627	914	409
Fair value of plan assets	1,361	335	710	199

The CashPlus Plan in the U.S. moved from a slightly over funded status at December 31, 2004 to a slightly under funded status at December 31, 2005.

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

	U.S.		Non-U.S.	
Asset Category	2005	2004	2005	2004
Equity securities	40%	50%	46%	56%
Controlled-risk debt securities	33	28	47	39
Absolute return strategies investments	26	8		
Real Estate			2	
Cash and short-term securities	1	14	5	5
Total	100%	100%	100%	100%

Our target asset allocations of U.S. pension plans for equity securities, controlled-risk debt securities, absolute return strategies investments and cash and other assets at December 31, 2005 were 40%, 35%, 20% and 5%, while at December 31, 2004, the target allocations for controlled-risk debt securities were 45% and absolute return strategies investments were 10%. Our U.S. pension plan target asset allocations are established through an investment policy, which is updated periodically and reviewed by the Finance 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, an important component of our asset/liability modeling approach is the use of what we refer to as "controlled-risk assets;" for the U.S. fund these assets are long duration U.S. government fixed-income securities. Such securities are a positively correlated asset class to pension liabilities and their use mitigates interest rate risk and provides the opportunity to allocate additional plan assets to other asset categories with low correlation to equity market indices.

Our investment policy permits plan assets to be invested in a number of diverse investment categories, including "absolute return strategies" investments such as hedge funds. Absolute return strategies investments are currently limited to not less than 10% nor more than 30% of total assets. At December 31, 2005, approximately 26% of our U.S. plan assets were invested in absolute return strategies investments, primarily in U.S. and international hedged directional equity funds. The cash and other short-term debt securities provide adequate liquidity for anticipated near-term benefit payments.

Table of Contents

The weighted-average asset allocation targets for our non-U.S. plans at December 31, 2005 were 48% equity securities, 47% controlled-risk sovereign debt securities and 5% cash and other assets. The following table presents the funded status of our pension and other retirement benefit plans and the amounts recognized in the balance sheet as of December 31, 2005 and 2004.

	Pension Benefits				Other Benefits			
	2005		2004		2005		2004	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Funded status								
Balance at December 31	$(166)	$ (281)	$(145)	$ (209)	$(1,543)	$ (126)	$(1,643)	$ (104)
Unrecognized transition obligation		1		1		3		4
Unrecognized prior service cost	5	6	7	6	(128)		(105)	
Unrecognized loss	505	241	453	140	692	66	758	44
Prepaid expense (accrued cost)	$ 344	$ (33)	$ 315	$ (62)	$ (979)	$ (57)	$ (990)	$ (56)
Amounts recognized in the balance sheet consist of:								
Prepaid benefit cost	$ 247	$ 108	$ 332	$ 110	$ —	$ —	$ —	$ —
Accrued benefit liability	(13)	(151)	(17)	(172)	(979)	(57)	(990)	(56)
Intangible assets	4	5	1	3				
Additional minimum liability	(214)	(76)	(238)	(10)				
Accumulated other comprehensive loss	320	81	237	7				
Net amount recognized	$ 344	$ (33)	$ 315	$ (62)	$ (979)	$ (57)	$ (990)	$ (56)

The amounts recorded in other comprehensive income (loss) were a pre-tax charge of $157 in 2005 that increased the accumulated other comprehensive loss by $152 and a pre-tax credit of $213 in 2004 that reduced the accumulated other comprehensive loss by $129.

Benefit obligations of the U.S. non-qualified and certain non-U.S. pension plans, amounting to $176 at December 31, 2005, and the other postretirement benefit plans of $1,669 are not funded.

In January 2005, the Center for Medicare and Medicaid Services released final regulations to implement the new prescription drug benefits under Part D of Medicare. The initial effect of the subsidy was a $68 reduction in our APBO at January 1, 2004 and a corresponding actuarial gain, which we deferred in accordance with our accounting policy related to retiree benefit plans. Amortization of the actuarial gain, along with a reduction in service and interest costs, increased net income by $8 in 2004. The final regulations resulted in further reductions of $5 in expense and $43 in APBO in 2005.

Expected benefit payments by our pension plans and other retirement plans for each of the next five years and for the period 2010 through 2014 are presented in the following table.

	Pension Benefits		Other Benefits			
			U.S.			
	U.S.	Non-U.S.	Prior to Medicare Part D	Medicare Part D	Net After Medicare Part D	Non-U.S.
Year						
2006	$ 159	$ 42	$ 127	$ 10	$ 117	$ 5
2007	162	43	129	10	$ 119	5
2008	162	44	130	10	$ 120	5
2009	163	46	130	11	$ 119	6
2010	162	48	130	11	$ 119	6
2011-2015	821	255	610	58	$ 552	34
Total	$ 1,629	$ 478	$ 1,256	$ 110	$ 1,146	$ 61

Projected contributions to be made to our defined benefit pension plans in 2006 are $34 for our U.S. plans and $30 for our non-U.S. plans.

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

	Pension Benefits					
	2005		2004		2003	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	$ 31	$ 15	$ 38	$ 21	$ 36	$ 17
Interest cost	121	47	128	50	137	40
Expected return on plan assets	(173)	(45)	(173)	(42)	(183)	(33)
Amortization of transition obligation				(1)		(1)
Amortization of prior service cost	2	2	4	4	8	2
Recognized net actuarial loss	18	6	13	6		4
Net periodic benefit cost	(1)	25	10	38	(2)	29
Curtailment loss		4	2			
Settlement loss	13		9	6		
Net periodic benefit cost after curtailment and settlements	$ 12	$ 29	$ 21	$ 44	$ (2)	$ 29

	Other Benefits					
	2005		2004		2003	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	$ 9	$ 2	$ 9	$ 4	$ 9	$ 4
Interest cost	87	6	96	6	108	5
Amortization of prior service cost	(12)		(12)		(7)	
Recognized net actuarial loss	37	2	38	2	36	2
Net periodic benefit cost	121	10	131	12	146	11
Curtailment loss					1	
Settlement gain				(1)		
Termination expenses			1			
Net periodic benefit cost after curtailment and settlements	$121	$ 10	$132	$ 11	$147	$ 11

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

	U.S. Plans		
	2005	2004	2003
Discount rate	5.65%	5.75%	6.25%
Expected return on plan assets	8.50%	8.75%	8.75%
Rate of compensation increase	5.00%	5.00%	5.00%

	Non-U.S. Plans		
	2005	2004	2003
Discount rate	4.65%	5.54%	5.63%
Expected return on plan assets	6.38%	6.66%	6.80%
Rate of compensation increase	3.37%	3.46%	3.58%

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

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, were almost equal at the beginning and end of 2005 after declining in 2004. Using a discounted bond portfolio analysis the year-end discount rate was selected to determine our pension benefit obligation on our U.S. plans in both years. Overall, a change in the discount rate of 25 basis points would result in a change in our obligation of approximately $57 and a change in pension expense of approximately $3.

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 1985, our asset/liability management investment policy has resulted in a compound rate of return of 12.5%. Our two-year, five-year and ten-year compounded rates of return through December 31, 2005 were 12.3%, 6.1% and 9.3%. 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 lowered from 8.75% to 8.5% as of December 31, 2005, 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 in the U.S. are as follows:

	2005	2004	2003
Discount rate	5.60%	5.76%	6.24%
Initial weighted health care costs trend rate	9.00%	10.31%	11.81%
Ultimate health care costs trend rate	5.00%	4.98%	5.00%
Years to ultimate (2011)	6	7	8

The assumptions presented in the table above are 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 2005:

	1% Point Increase	1% Point Decrease
Effect on total of service and interest cost components	$ 7	$ (6)
Effect on postretirement benefit obligations	110	(93)

Note 12. Income Taxes

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

	Year Ended December 31		
	2005	2004	2003
Current			
U.S. federal	$ 67	$ 61	$ (123)
U.S. state and local	(19)	(4)	1
Non-U.S.	141	31	105
Total current	189	88	(17)
Deferred			
U.S. federal and state	776	(298)	(7)
Non-U.S.	(41)	5	(28)
Total deferred	735	(293)	(35)
Total expense (benefit)	$ 924	$ (205)	$ (52)

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

	Year Ended December 31		
	2005	2004	2003
U.S. operations	$ (736)	$ (445)	$ (200)
Non-U.S. operations	451	280	262
Total income (loss) before income taxes	$ (285)	$ (165)	$ 62

Deferred income taxes are provided for temporary differences between amounts of assets and liabilities for financial reporting purposes and the basis of such assets and liabilities as measured by tax laws and regulations, as well as net operating loss, tax credit and other carryforwards. SFAS No. 109, “Accounting for Income Taxes”, requires that deferred tax assets be reduced by a valuation allowance if, based an all available evidence, it is considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods.

The current income tax expense reflects changes in the amount of income taxes currently payable or receivable. Although Dana's current operating results, as discussed below, did not generate federal income taxes payable in the U.S., the current federal income tax expense in 2004 and 2005 generally reflects estimated amounts payable as a result of Internal Revenue Service examinations of the years 1997 through 2002 — periods for which NOLs were not available.

During the third quarter of 2005, Dana recorded a non-cash charge of $918 to establish a full valuation allowance against our net deferred tax assets in the U.S. and U.K. This charge represents the valuation allowance against the applicable net deferred tax assets at July 1, 2005, which included $817 of net deferred tax assets as of the beginning of the year. Dana's income tax expense for 2005 includes $100 of income tax expense primarily related to non-U.S. countries whose results continued to be taxable due to their ongoing profitability.

In assessing the need for additional valuation allowances during the third quarter of 2005, we considered the impact of the revised outlook of our profitability in the U.S. on our 2005 operating results. The revised outlook of profitability was due in part to the lower than previously anticipated levels of performance, resulting from manufacturing inefficiencies and our failure to achieve projected cost reductions, as well as higher-than-expected costs for steel, other raw materials and energy which we have not been able to recover fully. In light of these developments, there was sufficient negative evidence and uncertainty as to our ability to generate the necessary level of U.S taxable earnings to realize our deferred tax assets in the U.S. for us to conclude, in accordance with the requirements of SFAS No. 109 and our accounting policies, that a full valuation allowance against the net deferred tax asset was required. Additionally, we concluded that an additional valuation allowance was required for the deferred tax assets in U.K. where recoverability was also considered uncertain. In reviewing our results for the fourth quarter of 2005 and beyond, we concluded that there were no further changes to our previous assessments as to the realization of our other deferred tax assets.

Deferred tax benefits (liabilities) consist of the following:

	December 31	
	2005	2004
Postretirement benefits other than pensions	$ 409	$ 372
Pension accruals		7
Postemployment benefits	48	40
Other employee benefits	8	82
Capital loss carryforward	226	251
Net operating loss carryforwards	583	424
Foreign tax credits recoverable	187	108
Other tax credits recoverable	60	47
Inventory reserves	21	15
Expense accruals	156	125
Goodwill	54	62
Research and development costs	116	128
Other	29	
Total	1,897	1,661
Valuation allowances	(1,535)	(387)
Deferred tax benefits	362	1,274
Leasing activities	(183)	(281)
Depreciation — non-leasing	(63)	(70)
Pension accruals	(21)	
Unremitted equity earnings	(11)	(12)
Other		(37)
Deferred tax liabilities	(278)	(400)
Net deferred tax benefits	$ 84	$ 874

Our deferred tax assets include benefits expected from the utilization of net operating loss, capital loss and credit carryforwards in the future. The following table identifies the various deferred tax asset components and the related allowances that existed at December 31, 2005. Due to time limitations on the ability to realize the benefit of the carryforwards, additional portions of these deferred tax assets may become unrealizable in the future.

	Deferred Tax Asset	Valuation Allowance	Carryforward Period	Earliest Year of Expiration
Net operating losses				
U.S. federal	$ 325	$ 325	20	2023
U.S. state	135	135	Various	2006
Germany	42	21	Unlimited	
France	23		Unlimited	
U.K.	29	29	Unlimited	
Other non-U.S.	29	4	Various	2007
Total	583	514		
Capital losses	226	212	Various	2007
Foreign tax credit	187	187	10	2010
Other credits	60	60	20	2021
Total	$ 1,056	$ 973		

The deferred tax asset and valuation allowance for capital loss carryforwards decreased in 2005 as a result of capital gains generated in connection with the divestiture of various leasing subsidiaries. The valuation allowance of $14 on the capital loss benefit is not required since the settlement of the IRS examinations for the years prior to 1999 enable us to recover these amounts through capital loss carryback provisions.

We have not provided for U.S. federal income and non-U.S. withholding taxes on $483 of undistributed earnings from non-U.S. operations as of December 31, 2005 because such earnings are intended to be re-invested indefinitely outside of the U.S. Where excess cash has accumulated in our non-U.S. subsidiaries and it is advantageous for business operations, tax or cash reasons, subsidiary earnings are remitted. If these earnings were distributed, our net operating loss and foreign tax credit carryforwards available under current law would reduce or eliminate the resulting U.S. income tax liability.

The American Jobs Creation Act of 2004 (JOBS Act), enacted on October 22, 2004, provides for a temporary incentive for U.S. corporations to repatriate earnings from foreign subsidiaries. As such, corporations may deduct 85% for certain dividends received from controlled foreign corporations. Qualifying dividends must exceed a base amount and be invested in the U.S. pursuant to a domestic reinvestment plan. We have elected to forego claiming this deduction as it would still require the company to pay cash taxes on 15% of any such dividends (i.e., the balance of the dividends not covered by the deduction) and neither U.S. net operating losses nor foreign tax credits could be used to offset these payments.

At June 30, 2005, the State of Ohio enacted new tax legislation that replaced the state’s current income-based system with a new gross receipts-based system. With the enactment of this legislation, we increased tax expense to eliminate certain deferred tax assets relating to Ohio that would no longer be realized. This charge was partially offset by a credit to selling, general and administrative expenses to recognize tax credits recoverable under the new system. The net impact of this legislation was a $5 reduction to second quarter 2005 net income.

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

	Year Ended December 31		
	2005	2004	2003
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	(6.5)	(8.8)	(8.0)
Non-U.S. income	11.5	(3.1)	(26.6)
Ohio legislation	4.0		
General business tax credits	(3.5)	(5.3)	(9.1)
Goodwill impairment	4.9		
Provision to return adjustments	2.7	(1.4)	
Miscellaneous items	(1.2)	(0.8)	4.7
	(23.1)	(54.4)	(4.0)
Capital gain/loss		48.7	(234.9)
Valuation allowance adjustments	346.2	(118.4)	155.2
Effective income tax rate	323.1%	(124.1)%	(83.7)%

Going forward, the need to maintain a valuation allowance against deferred tax assets in the U.S. and other foreign countries will cause variability in our effective tax rate. Dana will maintain full valuation allowances against our net deferred tax assets in the U.S., U.K. and other applicable countries until sufficient positive evidence exists to reduce or eliminate the valuation allowance.

Note 13. Commitments and Contingencies

Impact of Our Bankruptcy Filing — On March 3, 2006, the Debtors filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code, as discussed in Item 1. Under the Bankruptcy Code, the filing of a petition automatically stays most actions against us. Substantially all of our pre-petition liabilities will be resolved under our plan of reorganization if not otherwise satisfied pursuant to orders of the Bankruptcy Court.

Class Action Lawsuit and Derivative Actions — Dana and certain of our current and former officers are defendants in a consolidated class action pending in the U.S. District Court for the Northern District of Ohio. The plaintiffs in this action allege violations of the U.S. securities laws and claim that the price at which Dana's shares traded at various times between February 2004 and November 2005 was artificially inflated as a result of the defendants' alleged wrongdoing. Three derivative actions are also pending in the same court naming certain of our directors and current and former officers as defendants. Among other things, the plaintiffs in these actions allege breaches of the defendants' fiduciary duties to Dana arising from the same facts on which the consolidated class action is based. Due to the preliminary nature of these lawsuits, at this time we cannot predict their outcome or estimate Dana's potential exposure related thereto. While we have insurance coverage with respect to these matters and do not currently believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations, there can be no assurance that the impact of any loss not covered by insurance would not be material.

SEC Investigation — In September 2005, we reported that management was investigating accounting matters arising out of incorrect entries related to a customer agreement in our Commercial Vehicle business unit and that our Audit Committee had engaged outside counsel to conduct an independent investigation of these matters as well. Outside counsel informed the SEC of the investigation, which ended in December 2005, about when we filed restated financial statements for the first two quarters of 2005 and the years 2002 through 2004. In January 2006, we learned that the SEC had issued a formal order of investigation

with respect to matters related to our restatements. The SEC's investigation is a non-public, fact-finding inquiry to determine whether any violations of the law have occurred. This investigation has not been suspended as a result of our bankruptcy filing. We will continue to cooperate fully with the SEC in the investigation.

Legal Proceedings Arising in the Ordinary Course of Business — We are a party to various pending judicial and administrative proceedings arising in the ordinary course of business. These include, among others, proceedings based on product liability claims and alleged violations of environmental laws. We have reviewed these pending legal proceedings, including the probable outcomes, our reasonably anticipated costs and expenses, the availability and limits of our insurance coverage and surety bonds and our established reserves for uninsured liabilities. We do not believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

Asbestos-Related Product Liabilities — Under the Bankruptcy Code, pending asbestos-related product liability lawsuits are stayed during our reorganization process, and claimants may not commence new lawsuits against us on account of pre-petition claims. However, proofs of additional asbestos claims may be filed in the Bankruptcy Cases either voluntarily by claimants or if a bar date is established for asbestos claims. Our obligations with respect to asbestos claims will be resolved pursuant to our plan of reorganization or otherwise resolved pursuant to order(s) of the Bankruptcy Court.

We had approximately 77,000 active pending asbestos-related product liability claims at December 31, 2005, compared to 116,000 at December 31, 2004, including at both dates 10,000 claims that were settled but awaiting final documentation and payment. The reduced number of active pending claims at December 31, 2005, was due primarily to the effect of tort reform legislation or medical criteria orders entered in various courts. During the year, these factors resulted in a reduction of approximately 20,000 claims in Texas, 12,000 claims in Mississippi and 9,000 claims in Ohio. We had accrued $98 for indemnity and defense costs for pending asbestos-related product liability claims at December 31, 2005, compared to $139 at December 31, 2004. We accrue for pending claims based on our claims settlement and dismissal history.

In the past, we accrued only for pending asbestos-related product liability claims because we did not believe our historical trend data was sufficient to provide us with a reasonable basis to estimate potential costs for future demands. However, more recently, our claims activity has become more stable following the dissolution of the Center for Claims Resolution (CCR), as described below, the implementation of our post-CCR legal and settlement strategy and legislative actions that have reduced the volume of claims in the legal system. In the third quarter of 2005, we concluded that our historical claims activity had stabilized over a sufficient duration of time to enable us to project possible future demands and related costs. Therefore, in consultation with Navigant Consulting, Inc. (a specialized consulting firm providing dispute, financial, regulatory and operational advisory services), we analyzed our potential future costs for such claims. Based on this analysis, we estimated our potential liability for the next fifteen years to be within a range of $70 to $120. Since the outcomes within that range are equally probable, we accrued the lower end of the range at December 31, 2005. Beyond fifteen years, we believe there are reasonable scenarios in which our expenditures related to asbestos-related product liability claims would be de minimis; however, the process of estimating future demands is highly uncertain.

Generally accepted methods of projecting future asbestos-related product claims and costs require a complex modeling of data and assumptions about occupational exposures, disease incidence, mortality, litigation patterns and strategy and settlement values. Although we do not believe that our products have ever caused any asbestos-related diseases, for modeling purposes we combined historical data relating to claims filed against us with labor force data in an epidemiological model, in order to project past and future disease incidence and resulting claims propensity. Then we compared our claims history to historical incidence estimates and applied these relationships to the projected future incidence patterns, in order to estimate future compensable claims. We then established a cost for such claims, based on historical trends in claim settlement amounts. In applying this methodology, we made a number of key assumptions,

including labor force exposure, the calibration period, the nature of the diseases and the resulting claims that might be made, the number of claims that might be settled, the settlement amounts and the defense costs we might incur. Given the inherent variability of our key assumptions, the methodology produced the range of estimated potential values described above.

At December 31, 2005, we had recorded $78 as an asset for probable recovery from our insurers for both the pending and projected claims, compared to $118 recorded at December 31, 2004, solely for pending claims. During the second quarter of 2005, we received the final payment due us under an insurance settlement agreement that we had entered into with some of our carriers in December 2004. The asset recorded at December 31, 2005, reflects our assessment of the capacity of our remaining insurance agreements to provide for the payment of anticipated defense and indemnity costs for pending claims and future demands, assuming elections under our existing coverage, which we intend to adopt in order to maximize our insurance recovery.

Proceeds from insurance commutations are first applied to reduce any recorded recoverable amount. Any excess over the recoverable amount will be evaluated to assess whether any portion of the excess represents payments by the insurer for potential future liability. In October 2005, we signed a settlement agreement with another of our insurers providing for us to receive cash payments of $8 in 2006 in exchange for the release of all rights to coverage for asbestos-related bodily injury claims under the settled insurance policies. We recorded a receivable for this amount at December 31, 2005, of which $2 was used to reduce receivables related to pending and unasserted claims and the balance was recorded as deferred income available for potential future liabilities.

In addition, we had a net amount recoverable from our insurers and others of $15 at December 31, 2005, compared to $26 at December 31, 2004. This recoverable represents reimbursements for settled asbestos-related product liability claims, including billings in progress and amounts subject to alternate dispute resolution proceedings with some of our insurers. During the reorganization process, all asbestos litigation is stayed. As a result, we do not expect to make any asbestos payments in the near term. However, we are continuing to pursue insurance collections with respect to asbestos-related amounts paid prior to the Filing Date.

Other Product Liabilities — We had accrued $13 for contingent non-asbestos product liability costs at December 31, 2005, compared to $11 at December 31, 2004, with no recovery expected from third parties at either date. We estimate these liabilities based on assumptions about the value of the claims and about the likelihood of recoveries against us, derived from our historical experience and current information. 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 $10 at both dates.

Environmental Liabilities — We had accrued $63 for contingent environmental liabilities at December 31, 2005, compared to $73 at December 31, 2004. We estimate these liabilities based on the most probable method of remediation, current laws and regulations and existing technology. Estimates are made on an undiscounted basis and exclude the effects of inflation. If there is a range of equally probable remediation methods or outcomes, we accrue the lower end of the range. The difference between our minimum and maximum estimates for these liabilities was $1 at both dates.

Included in these accruals are amounts relating to the Hamilton Avenue Industrial Park Superfund site in New Jersey, where we are presently one of four potentially responsible parties (PRPs). We estimate our liability for this site quarterly. There have been no material changes in the facts underlying these estimates since December 31, 2004 and, accordingly, our estimated liabilities for the three Operable Units at this site at December 31, 2005 remained unchanged and were as follows:

- Unit 1 — $1 for future remedial work and past costs incurred by the United States Environmental Protection Agency (EPA) relating to off-site soil contamination, based on the remediation performed at this Unit to date and our assessment of the likely allocation of costs among the PRPs;

- Unit 2 — $14 for future remedial work relating to on-site soil contamination, taking into consideration the $69 remedy proposed by the EPA in a Record of Decision issued in September 2004 and our assessment of the most likely remedial activities and allocation of costs among the PRPs; and
- Unit 3 — less than $1 for the costs of a remedial investigation and feasibility study pertaining to groundwater contamination, based on our expectations about the study that is likely to be performed and the likely allocation of costs among the PRPs.

Other Liabilities Related to Asbestos Claims — Until 2001, most of our asbestos-related claims were administered, defended and settled by the CCR, which settled claims for its member companies on a shared settlement cost basis. In that year, the CCR was reorganized and discontinued negotiating shared settlements. Since then, we have independently controlled our legal strategy and settlements, using Peterson Asbestos Consulting Enterprise (PACE), a unit of Navigant Consulting, Inc., to administer our claims, bill our insurance carriers and assist us in claims negotiation and resolution. Some former CCR members defaulted on the payment of their shares of some of the CCR-negotiated settlements and some of the settling claimants have sought payment of the unpaid shares from Dana and the other companies that were members of the CCR at the time of the settlements. We have been working with the CCR, other former CCR members, our insurers and the claimants over a period of several years in an effort to resolve these issues. Through December 31, 2005, we had paid $47 to claimants and collected $29 from our insurance carriers with respect to these claims. At December 31, 2005, we had a net receivable of $13 that we expect to recover from available insurance and surety bonds relating to these claims. We are continuing to pursue insurance collections with respect to asbestos-related amounts paid prior to the filing of our bankruptcy petition.

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

Note 14. Warranty Obligations

We record a liability for estimated warranty obligations at the dates our products are sold. Adjustments are made as new information becomes available. Changes in our warranty liabilities are as follows:

	Year Ended December 31,	
	2005	2004
Balance, beginning of period	$ 80	$ 82
Amounts accrued for current period sales	61	30
Adjustments of prior accrual estimates	3	5
Change in accounting	(6)	
Settlements of warranty claims	(44)	(39)
Foreign currency translation	(3)	2
Balance, end of period	$ 91	$ 80

In June 2005, we changed our method of accounting for warranty liabilities from estimating the liability based on the credit issued to the customer, to accounting for the warranty liabilities based on our costs to

settle the claim. Management believes that this is a change to a preferable method in that it more accurately reflects the cost of settling the warranty liability. In accordance with GAAP, the $6 pre-tax cumulative effect of the change was effective as of January 1, 2005 and was reflected in the financial statements for the three months ended March 31, 2005. In the third quarter of 2005, the previously recorded tax expense of $2 was offset by the valuation allowance established against our U.S. net deferred tax assets. Warranty obligations are reported as current liabilities in the consolidated balance sheet.

Note 15. Impairments, Discontinued Operations, Divestitures and Realignment of Operations

Impairments

In accordance with SFAS No. 144, “Impairment of Long-lived Assets” (SFAS No. 144), we review long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to their carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, the long-lived assets of the operation (excluding goodwill), are written down to fair value. Fair value is determined based on discounted cash flows, or other methods providing best estimates of value.

As a result of testing our long-lived assets (excluding goodwill), we recorded a non-cash charge of $23 in the fourth quarter to reduce property, plant and equipment to its estimated fair value. The $23 related to continuing operations within ASG. Goodwill impairment is discussed in Note 6 and long-lived asset impairments relating to discontinued operations is discussed elsewhere in this Note.

Divestitures

During 2005, we recorded an aggregate after-tax charge of approximately $18 for the following four transactions:

- We dissolved our joint venture with The Daido Metal Company, which manufactured engine bearings and related materials in Atlantic, Iowa and Bellefontaine, Ohio. We previously had a 70% interest in the joint venture, which was consolidated for financial reporting purposes. During the third quarter, we acquired the remaining minority interests and sold the Bellefontaine operations. We have assumed full ownership of the Atlantic facility. The Bellefontaine operations had 2004 sales of $44 including sales of $26 to Dana.
- We sold our domestic fuel-rail business, consisting of a production facility in Angola, Indiana with sales of approximately $38 in 2004.
- We sold our South African electronic engine parts distribution business with 2004 sales of approximately $23.
- We sold our Lipe business, a manufacturer and re-manufacturer of heavy-duty clutches, based in Haslingden, Lancashire, United Kingdom. Lipe had 2004 sales of approximately $5.

On October 17, 2005, our Board approved a number of operational and strategic initiatives to enhance the company’s financial performance. Three businesses (engine hard parts, fluid products and pump products) with annual revenues of $1,220 were offered for sale. These businesses are treated as “held for sale” and classified as discontinued operations beginning at December 31, 2005.

In November 2004, we completed the sale of our automotive aftermarket businesses to The Cypress Group for approximately $1,000, including cash of $950 and a note with a face amount of $75. In connection with this transaction, we recorded an after-tax loss of $30 in discontinued operations in the fourth quarter of 2004, with additional related after-tax charges of $13 having been reported in discontinued operations previously in 2004. The note is recorded at a discounted value that represents the amounts receivable under the prepayment provisions of the note. The note matures in 2019 and has a carrying value of $56 at December 31, 2005.

In June 2003, we sold a significant portion of our engine management operations to Standard Motor Products for $121. 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 $142 for the year ended December 31, 2003. The proceeds of $121 consisted of $91 of cash and $30 of debt and equity. The equity securities were restricted by agreement for a period of thirty months from closing and were included in non-current assets at their estimated fair value. In December 2005, the note was prepaid and equity securities were repurchased by Standard Motor Products. The total proceeds received from these transactions were $26 resulting in a loss of approximately $1 from the note prepayment.

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 $21 for the year ended December 31, 2003.

During 2005, 2004 and 2003, we continued to sell DCC assets in individually structured transactions and achieved further reductions through normal portfolio runoff. We reduced DCC's assets by approximately $270 and $520 and recognized after-tax losses of $5 and after-tax gains of $29 in 2005 and 2004.

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, 2005, 2004 and 2003, they did not meet the criteria for treatment as discontinued operations given the uncertainty surrounding the timing of the sales.

On October 17, 2005, as previously noted, our Board approved the plan to sell the engine hard parts, fluid products and pump products businesses, with annual revenues of $1,220. These businesses are being treated as "held for sale" and classified as discontinued operations beginning in the fourth quarter of 2005.

Although not held for sale at September 30, 2005, we determined that the sale of these businesses were likely at that time. As such, we assessed the long-lived assets of the businesses for potential impairment at September 30, 2005. We recorded a non-cash charge of $207 in the third quarter to reduce property, plant and equipment of these businesses to their estimated fair value. The $207 was comprised of $165 related to our engine hard parts business and $42 related to the fluid routing business. Additionally, we recorded a charge of $83 to reduce goodwill related to the fluid routing business to its estimated fair value. There is no goodwill associated with the engine hard parts and pump products businesses. A tax benefit of $15, related to the charges associated with certain non-U.S. operations, was recorded resulting in an after-tax charge of $275 being incurred in the third quarter of 2005.

Additional charges of $121 to reduce the businesses to net realizable value on a held for sale basis, were recognized in the fourth quarter including cumulative translation adjustment write-offs of $67. The $121 was comprised of $67 related to our engine hard parts business, $53 to the pump business and $1 to our fluid routing business. A tax expense of $2 was recognized, resulting in a fourth quarter 2005 after-tax impairment of $123.

The $411 combined before-tax charge was comprised of $232 for the engine hard parts business, $126 for the fluid products business and $53 for the pump business. The $411 pre-tax and $398 after-tax charge are included in income (loss) from discontinued operations before income taxes and income (loss) from discontinued operations in the Consolidated Statement of Income for the year ended December 31, 2005.

In December 2003, we announced our intention to sell the majority of our automotive aftermarket businesses. Because we expected to complete the sale in 2004, these operations were treated as

discontinued operations at the end of 2003. The engine management business, subsequently sold in June 2003 (see divestitures above) qualified as a discontinued operation at the end of 2002.

The income statements for all prior years have been reclassified to reflect the results of operations of these aforementioned, divested or soon-to-be divested businesses as discontinued operations.

The following summarizes the revenues and expenses of our discontinued operations for 2005, 2004 and 2003 and reconciles the amounts reported in the consolidated statement of income to operating PAT reported in the segment table, which excludes restructuring and other unusual charges.

	2005	2004	2003
Sales	$ 1,221	$ 3,216	$ 3,355
Other income (expense)	(121)	(24)	6
Cost of sales	1,173	2,842	2,897
Selling, general and administrative expenses	78	293	334
Realignment and impairment charges	290	39	12
Income (loss) before income taxes	(441)	18	118
Income tax benefit (expense)	7	(28)	(45)
Income (loss) reported in consolidated statement of income	(434)	(10)	73
Unusual items, net of tax	398	58	7
Operating PAT in segment table	$ (36)	$ 48	$ 80

The effective income tax rate differs from the U.S. federal income tax rate primarily due to the valuation allowance established against deferred tax assets in 2005 and the effect of non — U.S. taxes in 2005, 2004 and 2003.

In 2005, other income (expense) includes $121 of loss recorded to adjust the businesses held for sale at December 31, 2005 to net realizable value. In 2004, other income (expense) includes $13 of professional fees and other expenses incurred in preparing the automotive aftermarket businesses for sale and the $30 pre-tax loss realized on the sale.

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

	2005	2004	2003
AAG	$ —	$ 1,943	$ 2,138
ASG	1,221	1,273	1,217
Sales of discontinued operations	$ 1,221	$ 3,216	$ 3,355

The assets and liabilities of the three businesses that we intend to divest in 2006 are aggregated and presented as assets and liabilities of discontinued operations at December 31, 2005. In accordance with accounting requirements, the assets and liabilities of these businesses in prior years have not been aggregated and similarly presented.

The assets and liabilities of discontinued operations reported in the consolidated balance sheet as of December 31, 2005, consisting only of the amounts related to the businesses announced October 17, 2005, included the following:

	2005
Assets of discontinued operations:	
Accounts receivable	$ 212
Inventories	141
Cash and other current assets	7
Goodwill	4
Investments and other assets	101
Investments in leases	8
Property, plant and equipment	76
Total assets of discontinued operations	$ 549
Liabilities of discontinued operations	
Accounts payable	$ 123
Accrued payroll and employee benefits	40
Other current liabilities	58
Other noncurrent liabilities	8
Total liabilities of discontinued operations	$ 229

In the consolidated statement of cash flows, the cash flows of discontinued operations are not separately classified or aggregated. They are reported in the respective categories of the consolidated statement of cash flows as if they were continuing operations.

Realignment of Operations

During the fourth quarter of 2005, our Board approved a number of operational initiatives to enhance the company's financial performance. The primary actions described below, along with other items, resulted in total realignment charges of $58 in 2005.

In December 2005, we announced plans to consolidate our North American Thermal Products operations by mid-2006 to reduce operating and overhead costs and strengthen our competitiveness. Three facilities, located in Danville, Indiana; Sheffield, Pennsylvania; and Burlington, Ontario, employing 200 people, will be closed. We also announced workforce reductions of approximately 500 people at our Structural Products plant in Thorold, Ontario and approximately 300 people at three Traction Products facilities in Australia, resulting from the expiration of supply agreements for truck frames and rear axle modules, respectively. We recorded expenses of $31 related to these actions.

In November 2005, we signed a letter of intent with DESC S.A. de C.V. (DESC) under which Dana and DESC will dissolve our existing Mexican joint venture, Spicer S.A. de C.V. (Spicer). We will assume 100% ownership of the Mexican subsidiaries of Spicer that manufacture and assemble axles and driveshafts, as well as related forging and foundry operations in which we currently have an indirect 49% interest and 33% interest, respectively, through our ownership in Spicer. These operations had combined sales to Dana and to third parties of $296 for the year ended December 31, 2005. During this period, sales to Dana were $188 and purchases from Dana were $19. Net incremental sales would have been $89 for the same period. DESC, in turn, will assume full ownership of Spicer and its remaining subsidiaries that operate transmission and aftermarket gasket businesses in which DESC currently holds an indirect 51% interest through its ownership in Spicer. While Dana and DESC have agreed to terms, the transaction is subject to approval by the Bankruptcy Court. In October 2005, we announced that traction and torque operations of ASG will close two facilities in Virginia and shift production in several other locations, affecting approxi-

mately 650 employees. The Commercial Vehicle operation of HVTSG will increase gear production and assembly activity at its Toluca, Mexico facility to relieve constraints at its principal gear plant in Glasgow, Kentucky and improve throughput at its Henderson, Kentucky assembly plant. We recorded a charge of $8 and anticipate additional costs in 2006 and 2007 of $21 in association with these actions. We expect to make $7 of additional cash investments to expand the facilities in Mexico.

During the second quarter of 2005, we reviewed the status of our plan to reduce the workforce within our off-highway operations, announced in the fourth quarter of 2004 resulting in charges of $34 in connection with the closure of the Statesville, North Carolina facility and workforce reductions in Brugge, Belgium. These actions were to eliminate approximately 300 jobs. We concluded that completion of the plan was no longer probable within the required timeframe due to subsequent changes in the related markets; accordingly, we reversed $4 (of the total adjustment of $5) of the accrual for employee termination benefits.

During the fourth quarter of 2004, the engine hard parts business recorded realignment charges of $18 in connection with signing a long-term supply agreement with Federal-Mogul Corporation to supply us with gray iron castings. The foundry operation in Muskegon, Michigan that previously supplied these materials was closed in the third quarter of 2005, eliminating 240 jobs.

During 2003, we closed seven locations and reduced our workforce. In connection with these efforts, we recorded $3 for employee termination benefits and $9 for exit costs, including the cost of relocating people, transferring equipment and maintaining buildings 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. 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.

The following summarizes the charges for the restructuring activity recorded in our continuing operations in the last three years:

	Employee Termination Benefits	Long-Lived Asset Impairment	Exit Costs	Total
Balance at December 31, 2002	$ 94	$ —	$ 38	$ 132
Activity during the year				
Charges to expense	3	2	9	14
Adjustments of accruals	(12)		(8)	(20)
Cash payments	(56)		(27)	(83)
Write-off of assets		(2)		(2)
Balance at December 31, 2003	29		12	41
Activity during the year				
Charges to expense	37	14	11	62
Adjustments of accruals	(14)		(4)	(18)
Cash payments	(22)		(5)	(27)
Write-off of assets		(14)		(14)
Balance at December 31, 2004	30		14	44
Activity during the year				
Charges to expense	30	23	11	64
Adjustments of accruals	(6)			(6)
Cash payments	(13)		(10)	(23)
Write-off of assets		(23)		(23)
Balance at December 31, 2005	$ 41	$ —	$ 15	$ 56

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

	2005	2004	2003
Total estimated	1,276	563	120
Less terminated:			
2003			(5)
2004		(76)	(115)
2005	(25)	(411)	
Balance at December 31	1,251	76	—

At December 31, 2005, $56 of restructuring charges remained in accrued liabilities. This balance was comprised of $41 for the reduction of approximately 1,346 employees to be completed in 2006 and $15 for lease terminations and other exit costs. The estimated annual cash expenditures will be approximately $33 in 2006, $13 in 2007 and $10 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 16. Segments

SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information,” establishes standards for reporting information about operating segments and related disclosures about products and services and geographic locations. SFAS No. 131 requires reporting on a single basis of segmentation. The components that management establishes for purposes of making decisions about an enterprise’s operating matters are referred to as “operating segments.”

We currently have three operating segments — two manufacturing business units (ASG and HVTSG) and one non-manufacturing business unit (DCC).

The ASG sells axles, driveshafts, drivetrains, frames, sealing and bearing products, fluid-management and power-cylinder products, chassis products and related modules and systems for the automotive light vehicle markets and manufactures driveshafts for the original equipment (OE) commercial vehicle market.

The ASG also manufactures sealing, bearing, fluid-management and power-cylinder products for the commercial vehicle and the leisure and outdoor power equipment markets.

The HVTSG sells axles, brakes (through our joint venture, Bendix Spicer Foundation Brake LLC), driveshafts, chassis and suspension modules, ride controls and related modules and systems for the commercial and off-highway vehicle markets, transmissions and electronic controls for the off-highway market and bearing, fluid-management and power-cylinder products for the leisure and outdoor power equipment markets.

The following table presents sales of similar products by business unit:

	2005	2004	2003
ASG			
Traction (Axle)	$ 2,437	$ 2,282	$ 2,030
Torque (Driveshaft)	1,129	1,041	894
Structures	1,258	1,072	851
Sealing	673	633	554
Thermal	312	314	353
Other	132	42	41
Total ASG	5,941	5,384	4,723
HVTSG			
Traction (Axle)	2,026	1,740	1,307
Torque (Driveshaft)	291	267	235
Other	323	292	366
Total HVTSG	2,640	2,299	1,908
Other	30	92	83
TOTAL	$ 8,611	$ 7,775	$ 6,714

Management evaluates the operating segments 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.

Information used to evaluate our operating segments is as follows:

	External Sales	Inter-Segment Sales	OPAT	Net Profit (Loss)	Net Assets	Capital Spend	Depreciation/ Amortization
2005							
ASG	$ 5,941	$ 140	$ 130	$ (6)	$ 2,355	$ 179	$ 205
HVTSG	2,640	4	46	(28)	716	72	47
DCC			23	23	318		
	8,581	144	199	(11)	3,389	251	252
Other	30	55	(434)	(224)	(82)	13	5
Total continuing operations	$ 8,611	$ 199	$ (235)	$ (235)	$ 3,307	$ 264	$ 257
Discontinued operations			(36)	(36)			
Total operations	8,611	199	(271)	(271)	3,307	264	257
Tax valuation allowance			(817)	(817)			
Effect of change in accounting			4	4			
Unusual items excluded from performance measures			(521)	(521)			
Consolidated	$ 8,611	$ 199	$ (1,605)	$ (1,605)	$ 3,307	$ 264	$ 257
2004							
ASG	$ 5,384	$ 155	$ 210	$ 98	$ 3,086	$ 185	$ 194
HVTSG	2,299	5	99	39	670	60	48
DCC			29	29	355		
	7,683	160	338	166	4,111	245	242
Other	92	62	(173)	(1)	26	8	8
Total continuing operations	$ 7,775	$ 222	$ 165	$ 165	$ 4,137	$ 253	$ 250
Discontinued operations			48	48			
Total operations	7,775	222	213	213	4,137	253	250
Unusual items excluded from performance measures			(151)	(151)			
Consolidated	$ 7,775	$ 222	$ 62	$ 62	$ 4,137	$ 253	$ 250
2003							
ASG	$ 4,723	$ 126	$ 226	$ 123	$ 3,026	$ 173	$ 180
HVTSG	1,908	38	81	29	611	39	51
DCC			21	21	289		
	6,631	164	328	173	3,926	212	231
Other	83	66	(215)	(60)	13	17	7
Total continuing operations	$ 6,714	$ 230	$ 113	$ 113	$ 3,939	$ 229	$ 238
Discontinued operations			80	80			
Total operations	6,714	230	193	193	3,939	229	238
Unusual items excluded from performance measures			35	35			
Consolidated	$ 6,714	$ 230	$ 228	$ 228	$ 3,939	$ 229	$ 238

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 and the three businesses held for sale in 2005 that were previously included in ASG in Other in the segment tables. These amounts totaled $28, $67 and $72 in 2005, 2004 and 2003. We believe this avoids distorting the net profit (loss) previously reported for the remaining business units 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 and the three held for sale businesses.

The Other category includes businesses unrelated to the segments, trailing liabilities for certain closed plants and the expense of corporate administrative functions. 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.

Equity earnings included in operating PAT in 2005, 2004 and 2003 were $24, $23 and $31 for ASG and $4, $6 and $(3) for Other. Equity earnings included for HVTSG were not material. The related equity investments totaled $538, $617 and $564 for ASG, $34, $31 and $2 for HVTSG and $39, $41 and $23 for Other in 2005, 2004 and 2003.

We have been divesting DCC's businesses and assets in accordance with plans announced in October 2001 and these activities continued during 2005. As a result of asset sales and normal run-off, DCC's total portfolio assets were reduced by $270 during the year, leaving assets of approximately $560 (after $55 reduction for non-recourse debt) at December 31, 2005. While we are continuing to pursue the sale of the remaining DCC portfolio assets, we expect to retain certain of them for varying periods of time because tax attributes and/or market conditions make disposal uneconomical at this time. As of December 31, 2005, we expected to retain approximately $300 of the $560 of DCC assets held at that date; however, changes in market conditions may change our expectation. DCC's liabilities include certain asset-specific financing and general obligations that are uneconomical to pay off in advance of their scheduled maturities.

Realignment and unusual items consist of the following and are more fully discussed in Note 15.

	2005	2004	2003
		OPAT	
Sale of businesses(1)	$ (398)	$ —	$ —
Sale of automotive aftermarket		(43)	
Ohio tax legislation	(5)		
DCC asset sales	(1)	29	35
Repurchase of notes		(96)	9
Realignment charges and goodwill impairment	(98)	(54)	
Other divestitures and asset sales	(19)	13	(9)
Unusual items	$ (521)	$ (151)	$ 35

The OPAT impact of the unusual items by segment is:

	2005	2004	2003
		OPAT	
Continuing operations-			
ASG	$ (102)	$ —	$ (2)
HVTSG	(8)	(26)	
DCC	(8)	29	35
	(118)	3	33
Corporate	(5)	(96)	9
Continuing operations	(123)	(93)	42
Discontinued operations-			
ASG(1)	$ (398)	$ (15)	$ (7)
AAG		(43)	
Discontinued operations	(398)	(58)	(7)
Total	$ (521)	$ (151)	$ 35

(1) Engine hard parts, fluid routing and pump businesses included in ASG held for sale at December 31, 2005.

In 2004, the $54 of realignment charges include: $15 relate to discontinued operations of three businesses and $39 associated with HVTSG. The repurchase of notes in 2004 and 2003 are corporate items.

Net assets at the business unit level are intended to correlate with invested capital. The amount includes accounts receivable, inventories, 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:

	2005	2004
Net assets	$ 3,307	$ 4,137
Accounts payable and other current liabilities	1,679	2,168
DCC's assets in excess of equity	658	767
Other current and long-term assets	1,193	1,947
Assets of discontinued operations	549	
Consolidated total assets	$ 7,386	$ 9,019

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 business unit 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 equity 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 business units . These operating leases have been included in the consolidated statements as purchases of assets and the assets are being depreciated over their useful lives.

Certain expenses incurred in connection with our realignment activities are included in the respective business units' 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 realignment.

These expenses and credits for the years ended December 31, 2005, 2004 and 2003 are summarized by business unit in the following table.

	Realignment Provisions	Adjustments of Accruals	Realignment Disposition Gain (Loss)
2005			
ASG	$ —	$ —	$ —
HVTSG	11	(6)	
Total	$ 11	$ (6)	$ —
2004			
ASG	$ 17	$ (16)	$ —
HVTSG	1		
Total	$ 18	$ (16)	$ —
2003			
ASG	$ 19	$ (10)	$ (2)
HVTSG	7	(17)	(2)
Total	$ 26	$ (27)	$ (4)

Table of Contents

Geographic Information

For consolidated net sales, no country other than the U.S. and Canada accounts for 10% and only Brazil, Italy, Germany and Australia account for more than 5%. Sales are attributed to the location of the product entity recording the sale. Long-lived assets include: property, plant and equipment; goodwill and equity investments in joint ventures. It does not include certain other non-current assets.

	Net Sales			Long-Lived Assets		
	2005	2004	2003	2005	2004	2003
North America						
United States	$ 4,421	$ 4,093	$ 3,673	$ 1,265	$ 1,738	$ 1,779
Canada	853	995	887	169	183	225
Mexico	136	130	104	185	161	165
Total North America	$ 5,410	$ 5,218	$ 4,664	$ 1,619	$ 2,082	$ 2,169
Europe						
Italy	$ 563	$ 468	$ 339	$ 84	$ 94	$ 98
Germany	387	396	337	484	555	502
Other Europe	645	458	376	252	392	370
Total Europe	$ 1,595	$ 1,322	$ 1,052	$ 820	$ 1,041	$ 970
South America						
Brazil	$ 440	$ 418	$ 356	$ 113	$ 113	$ 103
Other South America	395	124	61	111	126	109
Total South America	$ 835	$ 542	$ 417	$ 224	$ 239	$ 212
Asia Pacific						
Australia	$ 488	$ 480	$ 375	$ 96	$ 103	$ 96
Other Asia Pacific	283	213	206	101	105	71
Total Asia Pacific	$ 771	$ 693	$ 581	$ 197	$ 208	$ 167
Total	$ 8,611	$ 7,775	$ 6,714	$ 2,860	$ 3,570	$ 3,518

	Net Sales		
Sales to Major Customers	2005	2004	2003
Ford	$ 2,234	$ 2,051	$ 1,777
	25.9%	26.3%	26.5%
General Motors	$ 990	$ 839	$ 699
	11.2%	10.8%	10.4%
DaimlerChrysler	$ 470	$ 663	$ 784
	5.5%	8.5%	11.7%

Export sales from the U.S. to international locations were $939, $278 and $116 in 2005, 2004 and 2003.

Note 17. Subsequent Events

The following events have occurred subsequent to December 31, 2005, that, although they do not impact the reported balances or results of operations as of that date, are material to our ongoing operations.

Bankruptcy Filing

On March 3, 2006 (the Filing Date), we and 40 of our wholly-owned domestic subsidiaries (collectively, the Debtors) filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). These Chapter 11 cases are collectively referred to as the "Bankruptcy Cases." Neither Dana Credit Corporation (DCC) nor any of our non-U.S. affiliates commenced any bankruptcy proceedings.

The wholly-owned subsidiaries included in the Bankruptcy Cases are Dakota New York Corp., Brake Systems, Inc., BWDAC, Inc., Coupled Products, Inc., Dana Atlantic LLC f/k/a Glacier Daido America, LLC, Dana Automotive Aftermarket, Inc., Dana Brazil Holdings I LLC f/k/a Wix Filtron LLC, Dana Brazil Holdings LLC f/k/a/ Dana Realty Funding LLC, Dana Information Technology LLC, Dana International Finance, Inc., Dana International Holdings, Inc., Dana Risk Management Services, Inc., Dana Technology Inc., Dana World Trade Corporation, Dandorr L.L.C., Dorr Leasing Corporation, DTF Trucking, Inc., Echlin-Ponce, Inc., EFMG LLC, EPE, Inc., ERS LLC, Flight Operations, Inc., Friction Inc., Friction Materials, Inc., Glacier Vandervell Inc., Hose & Tubing Products, Inc., Lipe Corporation, Long Automotive LLC, Long Cooling LLC, Long USA LLC, Midland Brake, Inc., Prattville Mfg., Inc., Reinz Wisconsin Gasket LLC, Spicer Heavy Axle & Brake, Inc., Spicer Heavy Axle Holdings, Inc., Spicer Outdoor Power Equipment Components LLC, Torque-Traction Integration Technologies, LLC, Torque-Traction Manufacturing Technologies, LLC, Torque-Traction Technologies, LLC and United Brake Systems Inc.

The Bankruptcy Cases are being jointly administered with the Debtors managing their businesses in the ordinary course as debtors in possession subject to the supervision of the Bankruptcy Court. We intend to continue normal business operations during the Bankruptcy Cases while we evaluate our businesses both financially and operationally and implement comprehensive improvements as appropriate to enhance performance. We intend to proceed with previously announced divestiture and restructuring plans, which include the sale of several non-core businesses, the closure of certain facilities and the shift of production to lower-cost locations. In addition, we intend to take steps to reduce costs, increase efficiency and enhance productivity so that we emerge from bankruptcy as a stronger, more viable company. We intend to effect fundamental, not incremental, change to our business. While we cannot predict with precision how long the reorganization process will take, it could take upwards of 18 to 24 months.

Continuation of the Company as a going concern during the reorganization plan is contingent upon, among other things, our ability (i) to comply with the terms and conditions of the Credit Agreement described below; (ii) to obtain confirmation of a plan of reorganization under the Bankruptcy Code; (iii) to reduce wage and benefit costs and liabilities through the bankruptcy process; (iv) to return to profitability; (v) to generate sufficient cash flow from operations and; (vi) to obtain financing sources to meet our future obligations. These matters create uncertainty relating to our ability to continue as a going concern. The accompanying consolidated financial statements do not reflect any adjustments relating to the recoverability and classification of liabilities that might result from the outcome of these uncertainties. In addition, our plan of reorganization could materially change amounts reported in the Company's consolidated financial statements. Our consolidated financial statements as of December 31, 2005, do not give effect to any adjustments to the carrying value of assets and liabilities that may become necessary as a consequence of reorganization under Chapter 11.

Our bankruptcy filing triggered the immediate acceleration of certain direct financial obligations, including, among others, an aggregate of $1,621 in principal amount (including accrued interest) of currently outstanding non-secured notes issued under our Indentures dated as of December 15, 1997; August 8, 2001; March 11, 2002; and December 10, 2004. Such amounts are characterized as unsecured debt for purposes of the reorganization proceedings and the related obligations have been classified as current liabilities in our consolidated balance sheet as of December 31, 2005. In addition, the filing for reorganization created an event of default under certain of our lease agreements. The ability of Dana's creditors to seek remedies to enforce their rights under the agreements described above is automatically stayed as a result of the filing of Dana's Chapter 11 cases and the creditors' rights of enforcement are

subject to the applicable provisions of the Bankruptcy Code. See Note 9 for additional information related to debt reclassification.

An official committee of unsecured creditors has been appointed in the Bankruptcy Cases and, in accordance with the provisions of the Bankruptcy Code, will have the right to be heard on all matters that come before the Bankruptcy Court. The Debtors are required to bear certain of the committee's costs and expenses, including those of their counsel and financial advisors.

While we continue our reorganization under Chapter 11, investments in our securities will be highly speculative. Shares of our common stock may have little or no value and there can be no assurance that they will not be cancelled pursuant to our reorganization plan. Since March 3, 2006, our common stock has been traded on the Over The Counter Bulletin Board (OTCBB) under the symbol "DCNAQ."

Under the Bankruptcy Code, we have the right to assume or reject executory contracts (*i.e.*, contracts that are to be performed by the contract parties after the Filing Date) and unexpired leases, subject to Bankruptcy Court approval and other limitations. In this context, "assuming" an executory contract or unexpired lease means that we will agree to perform our obligations and cure certain existing defaults under the contract or lease and "rejecting" them means that we will be relieved of our obligations to perform further under the contract or lease, which will give rise to a pre-petition claim for damages for the breach thereof. In March and April 2006, the Bankruptcy Court authorized the Debtors to reject certain unexpired leases and subleases.

We anticipate that substantially all of the Debtors' liabilities as of the Filing Date will be resolved under, and treated in accordance with, a plan of reorganization to be proposed to and voted on by their creditors in accordance with the provisions of the Bankruptcy Code. Although we intend to file and seek confirmation of such a plan, there can be no assurance as to when we will file the plan or that the plan will be confirmed by the Bankruptcy Court and consummated. Nor can there be any assurance that we will be successful in achieving our restructuring goals, or that any measures that are achievable will result in sufficient improvement to our financial position. Accordingly, until the time that the Debtors emerge from bankruptcy, there will be no certainty about our ability to continue as a going concern. If a restructuring is not completed, we could be forced to sell a significant portion of our assets to retire debt outstanding or, under certain circumstances, to cease operations.

DIP Credit Agreement

In March 2006, the Bankruptcy Court granted final approval to our debtor-in-possession (DIP) credit facility, under which we may borrow up to $1,450. This facility provides funding to continue our operations without disruption and meet our obligations to suppliers, customers and employees during the Chapter 11 reorganization process.

All of the loans and other obligations under the DIP Credit Agreement will be due and payable on the earlier of 24 months after the effective date of the DIP Credit Agreement or the consummation of a plan of reorganization under the Bankruptcy Code. Prior to maturity, Dana will be required to make mandatory prepayments under the DIP Credit Agreement in the event that loans and letters of credit exceed the available commitments and from the proceeds of certain asset sales and the issuance of additional indebtedness. Such prepayments, if required, are required to be applied, first, to the term loan facility and, second, to the revolving credit facility with a permanent reduction in the amount of the commitments thereunder.

Interest under the DIP Credit Agreement will accrue, at Dana's option, either at the London interbank offered rate (LIBOR) plus a per annum margin of 2.25% for both the term loan facility and the revolving credit facility or the prime rate plus a per annum margin of 1.25% for both the term loan facility and the revolving credit facility. Dana will pay a fee for issued and undrawn letters of credit in an amount per annum equal to the LIBOR margin applicable to the revolving credit facility. Dana will also pay a commitment fee of 0.375% per annum for unused committed amounts under the revolving credit facility.

The DIP Credit Agreement is guaranteed by substantially all of Dana's domestic subsidiaries, excluding DCC. As collateral, Dana and each of its guarantor subsidiaries has granted a security interest in and lien on effectively all of its assets, including a pledge of 66% of the equity interests of each material direct foreign subsidiary owned by Dana and each guarantor subsidiary.

Under the DIP Credit Agreement, Dana and each of its subsidiaries (other than certain excluded subsidiaries) will be required to comply with customary covenants for facilities of this type. These include affirmative covenants as to corporate existence, compliance with laws, insurance, payment of taxes, access to books and records, use of proceeds, retention of a restructuring advisor and financial advisor, maintenance of cash management systems, use of proceeds, priority of liens in favor of the lenders, maintenance of properties and monthly, quarterly, annual and other reporting obligations and negative covenants, including limitations on liens, additional indebtedness, guaranties, dividends, transactions with affiliates, claims in its bankruptcy proceedings, investments, asset dispositions, nature of business, payment of pre-petition obligations, capital expenditures, mergers and consolidations, amendments to constituent documents, accounting changes, limitations on restrictions affecting subsidiaries and sale and lease-backs.

Additionally, the DIP Credit Agreement requires us to maintain a minimum amount of consolidated earnings before interest, taxes, depreciation, amortization, restructuring and reorganization costs (EBITDAR), as defined, for each period beginning on March 1, 2006 and ending on the last day of each fiscal month through February 2007, and a rolling 12-month cumulative EBITDAR for Dana and our direct and indirect subsidiaries, on a consolidated basis, beginning on March 31, 2007 and ending on February 28, 2008, at levels set forth in the DIP Credit Agreement. We must also maintain minimum availability under the DIP Credit Agreement at all times. The DIP Credit Agreement contains certain defaults and events of default customary for debtor-in-possession financings of this type. Upon the occurrence and during the continuance of any event of default under the DIP Credit Agreement, interest on all outstanding amounts is payable on demand at 2% above the then applicable rate.

As of March 30, 2006, we had borrowed $700 under the DIP Credit Agreement and used the proceeds to pay off debt obligations outstanding under our $275 receivables securitization program and $400 pre-petition bank facility and certain other pre-petition obligations, as well as to provide for working capital and general corporate expenses.

DCC Notes

Following Dana's bankruptcy filing, the holders of a majority of the issued and outstanding medium term and private placement notes of DCC (the DCC Notes) formed an Ad Hoc Committee of Noteholders.

Effective April 10, 2006, DCC and the Ad Hoc Committee entered into a Forbearance Agreement under which members of the Ad Hoc Committee holding over 70% of the outstanding principal amount of DCC Notes agreed to work with DCC toward a restructuring of the DCC Notes and to forbear from exercising rights and remedies with respect to any default or event of default that may now exist or may hereafter occur under such notes. The Forbearance Agreement will terminate 30 days from its effective date, or sooner upon the occurrence of certain events specified therein, including the commencement by DCC of a voluntary Chapter 11 bankruptcy case or the filing by any party of an involuntary petition for relief against DCC.

As a condition precedent to the effectiveness of the Forbearance Agreement, DCC agreed not to make any payments of principal or interest that were due and payable to the holders of certain DCC Notes as of April 10, 2006. By letter dated as of April 11, 2006, counsel to Great-West Life & Annuity Insurance Company and The Great-West Life Assurance Company, which are noteholders not part of the Ad Hoc Committee, advised DCC that events of default had occurred under their respective Note Agreements as a result of DCC's failure to pay the principal due as of April 10, 2006 on the notes issued thereunder and demanded payment of the entire principal of $7 and interest accrued on such notes.

DCC intends to continue to cooperate with the Ad Hoc Committee and its other noteholders to complete a restructuring of the DCC Notes.

Accounting Requirements

American Institute of Certified Public Accountants Statement of Position 90-7, "Financial Reporting by Entities in Reorganization under the Bankruptcy Code" (SOP 90-7), which is applicable to companies operating under Chapter 11, generally does not change the manner in which financial statements are prepared. However, it does require that the financial statements for periods subsequent to the filing of the Chapter 11 petition distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Revenues, expenses, realized gains and losses and provisions for losses that can be directly associated with the reorganization and restructuring of the business must be reported separately as reorganization items in the statements of operations beginning in the quarter ended March 31, 2006. Our balance sheet must distinguish pre-petition liabilities subject to compromise from both those pre-petition liabilities that are not subject to compromise and from post-petition liabilities. Liabilities that may be affected by a plan of reorganization must be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts. In addition, cash provided by reorganization items must be disclosed separately in our statement of cash flows. Dana adopted SOP 90-7 effective March 3, 2006 and we will segregate those items outlined above for all reporting periods subsequent to that date.

Unaudited Quarterly Financial Information

	For the 2005 Quarters Ended			
	March 31	June 30	September 30	December 31
Net sales	$ 2,149	$ 2,297	$ 2,119	$ 2,046
Gross profit	129	156	104	17
Net income (loss)				
Continuing operations	13	29	(973)	(244)
Discontinued operations	(1)	1	(301)	(133)
Effect of change in accounting	4		2	(2)
Net income (loss)	$ 16	$ 30	$ (1,272)	$ (379)
Earnings per share				
Basic				
Continuing operations	$ 0.09	$ 0.19	$ (6.50)	$ (1.64)
Discontinued operations	(0.01)	0.01	(2.01)	(0.89)
Effect of change in accounting	0.03		0.01	(0.01)
Net income (loss)	$ 0.11	$ 0.20	$ (8.50)	$ (2.54)
Diluted				
Continuing operations	$ 0.09	$ 0.19	$ (6.50)	$ (1.64)
Discontinued operations	(0.01)	0.01	(2.01)	(0.89)
Effect of change in accounting	0.03		0.01	(0.01)
Net income (loss)	$ 0.11	$ 0.20	$ (8.50)	$ (2.54)

Loss from continuing operations in the third quarter of 2005 includes a valuation allowance against deferred tax assets of $918 (including $817 related to the deferred tax asset balance at the beginning of the year). Loss from discontinued operations includes an impairment charge of $275 for the three businesses that became held for sale in the fourth quarter.

Loss from continuing operations in the fourth quarter includes goodwill impairments of $53 and realignment charges and long-lived asset impairments of $45. Loss from discontinued operations includes a $123 provision for the loss on sale for the three businesses held for sale at December 31, 2005.

	For the 2004 Quarters Ended			
	March 31	June 30	September 30	December 31
Net sales	$ 1,969	$ 1,998	$ 1,820	$ 1,988
Gross profit*	171	191	135	89
Net income (loss)				
Continuing operations	40	54	52	(74)
Discontinued operations	18	46	(10)	(64)
Net income (loss)	$ 58	$ 100	$ 42	$ (138)
Earnings per share				
Basic				
Continuing operations	$ 0.27	$ 0.36	$ 0.36	$ (0.50)
Discontinued operations	0.12	0.31	(0.09)	(0.43)
Net income (loss)	$ 0.39	$ 0.67	$ 0.27	$ (0.93)
Diluted				
Continuing operations	$ 0.27	$ 0.36	$ 0.36	$ (0.50)
Discontinued operations	0.12	0.30	(0.08)	(0.43)
Net income (loss)	$ 0.39	$ 0.66	$ 0.28	$ (0.93)

* Realignment charges (credits) of $(3), $4 and $5 incurred in the first, second and third quarters of 2004 were considered immaterial for separate reporting in the Statement of Income and were included in Cost of sales. As a result of the realignment charges these amounts have been included in our Consolidated Statement of Income for the year ended December 31, 2004. For consistency, the realignment charges (credits) have not been included in the gross profit calculation for the 2004 quarters.

Loss from continuing operations in the fourth quarter of 2004 includes realignment charges of $39 and the loss on repurchase of notes of $96. Loss from discontinued operations for the fourth quarter includes a $30 loss on the sale of AAG and $15 of realignment charges related to the three businesses held for sale at December 31, 2005.

Table of Contents

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES
SCHEDULE II(a)

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

Years ended December 31, 2005, 2004 and 2003
(in millions)

	Balance at beginning of period	Amounts 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
2005	$ 36	$ 1	$ (8)	$ (7)	$ 22
2004	38	2	(9)	5	36
2003	40	7	(14)	5	38

SCHEDULE II(b)

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
ALLOWANCE FOR CREDIT LOSSES — LEASE FINANCING

Years ended December 31, 2005, 2004 and 2003
(in millions)

	Balance at beginning of period	Amounts charged (credited) to income	Amounts ‘written off‘ net of recoveries	Adjustments arising from change in currency exchange rates and other items	Balance at end of period
2005	$ 12	$ 3	$ —	$ 2	$ 17
2004	26	(10)	(1)	(3)	12
2003	34	—	(8)	—	26

(1) DCC had maintained an allowance for potential losses related to assets held by a partnership interest. The partnership recognized the underlying loss in 2004, resulting in a reduction in the earnings from equity investments recorded by DCC. Concurrently, DCC reduced the allowance for credit losses resulting in no impact on net income.

SCHEDULE II(c)

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
VALUATION ALLOWANCE FOR DEFERRED TAX ASSETS

Years ended December 31, 2005, 2004 and 2003
(in millions)

	Balance at beginning of period	Amounts charged to income	Reductions due to utilization or expiration	Balance at end of period
2005	$ 387	$ 1,191	$ (43)	$ 1,535
2004	609	82	(304)	387
2003	538	141	(70)	609

SCHEDULE II(d)

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
ALLOWANCE FOR LOAN LOSSES

Years ended December 31, 2005, 2004 and 2003
(in millions)

	Balance at beginning of period	Amounts charged (credited) to income	Write-off	Write-off recoveries and other	Balance at end of period
2005	$ 3	$ 6	$ —	$ —	$ 9
2004	3	(2)	(1)	3	3
2003	3	—	—	—	3

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

- -None-

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures — We maintain disclosure controls and procedures that are designed to ensure that the information disclosed in the reports we file with the SEC under the Exchange Act of 1934 as amended (the Exchange Act) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure.

In the second quarter of 2005, senior management at our corporate office identified an unsupported asset sale transaction in our Commercial Vehicle business unit and recorded the necessary adjustments to correct for the accounting related to this matter before the accounting and reporting was completed for the quarter. At that time, management initiated an investigation into the matter. In September 2005, corporate management found other incorrect accounting entries related to a customer agreement within the same business unit and informed the Audit Committee of the Board of Directors of its findings.

The Audit Committee engaged outside counsel to conduct an independent investigation of the situation. The independent investigation included interviews with nearly one hundred present and former employees with operational and financial management responsibilities for each of our business units.

The investigations also included a review and assessment of accounting transactions identified through the interviews noted above, and through other work performed by the company and the independent investigators engaged by the Audit Committee. The independent investigators also reviewed and assessed certain items identified as part of the annual audit performed by our independent registered public accounting firm. Upon completion of the investigations, we restated our consolidated financial statements for the first and second quarters of 2005 and for the years 2002 through 2004.

Management, including our CEO and CFO, carried out an evaluation of the effectiveness of our disclosure controls and procedures, as of December 31, 2005, in accordance with Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based on that evaluation and the existence of the material weaknesses discussed below under "Management's Report on Internal Control Over Financial Reporting," management, including our CEO and CFO, has concluded that our disclosure controls and procedures were not effective as of December 31, 2005.

Management's Report on Internal Control Over Financial Reporting — Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in

Rules 13a-15(f) and 15d-15(f) under the Exchange Act). A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (GAAP). A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and the oversight of the board of directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of our CEO and CFO, management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2005, using the criteria set forth in the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) entitled "Internal Control — Integrated Framework."

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of a company's annual or interim financial statements will not be prevented or detected. Management identified the following material weaknesses in our internal control over financial reporting as of December 31, 2005:

(1) *We did not maintain an effective control environment at our Commercial Vehicle business unit.* Specifically, there were inadequate controls to prevent, identify and respond to improper intervention or override of established policies, procedures and controls by management within the Commercial Vehicle business unit. This improper management intervention and override at this business unit allowed the improper recording of certain transactions with respect to asset sale contracts, supplier cost recovery arrangements, and contract pricing changes to achieve accounting results that were not in accordance with GAAP and journal entries which were not appropriately supported or documented. Additionally, financial personnel in the unit failed to report instances of inappropriate conduct and potential financial impropriety to senior financial management outside the unit. This control deficiency primarily affected accounts receivable, accounts payable, accrued liabilities, revenue, other income, and other direct expenses.

(2) *Our financial and accounting organization was not adequate to support our financial accounting and reporting needs.* Specifically, lines of communication between our operations and accounting and finance personnel were not adequate to raise issues to the appropriate level of accounting personnel and we did not maintain a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training in the application of GAAP commensurate with our financial reporting requirements. This control deficiency resulted in ineffective controls over the accurate and complete recording of certain customer contract pricing changes and asset sale contracts (both within and outside of the Commercial Vehicle business unit) to ensure they were accounted for in accordance with GAAP. The lack of a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training contributed to the control deficiencies noted in items 3 through 6 below.

(3) *We did not maintain effective controls over the completeness and accuracy of certain revenue and expense accruals.* Specifically, we failed to identify, analyze, and review certain accruals at period end relating to certain accounts receivable, accounts payable, accrued liabilities, revenue, and other direct expenses to ensure that they were accurately, completely and properly recorded.

(4) *We did not maintain effective controls over reconciliations of certain financial statement accounts.* Specifically, our controls over the preparation, review and monitoring of account reconciliations primarily related to certain inventory, accounts payable, accrued expenses and the related income statement accounts and certain inter-company balances were ineffective to ensure that account balances were accurate and supported with appropriate underlying detail, calculations or other documentation, and that inter-company balances appropriately eliminate.

(5) *We did not maintain effective controls over the valuation and accuracy of long-lived assets and goodwill.* Specifically, we did not maintain effective controls to identify the deterioration in fourth quarter operating results as a condition that triggered a requirement to assess long-lived assets for impairment. Also, certain plants did not maintain effective controls to identify impairment of idle assets in a timely manner. Further, we did not maintain effective controls to ensure goodwill impairment calculations were accurate and supported with appropriate underlying documentation, including the determination of net book value and fair value of reporting units.

(6) *We did not maintain effective segregation of duties over automated and manual transaction processes.* Specifically, certain information technology personnel had unrestricted access to financial applications, programs and data beyond that needed to perform their individual job responsibilities and without adequate independent monitoring. In addition, certain personnel with financial responsibilities for purchasing, payables and sales had incompatible duties that allowed for the creation, review and processing of certain financial data without adequate independent review and authorization. This control deficiency primarily affects revenue, accounts receivable and accounts payable.

Each of the control deficiencies described in items 1 through 4 resulted in the restatement of our annual consolidated financial statements for 2004, each of the interim periods in 2004 and the first and second quarters of 2005, as well as certain adjustments, including audit adjustments, to our third quarter 2005 consolidated financial statements. Each of the control deficiencies described in items 2 through 4 further resulted in the restatement of our annual consolidated financial statements for 2003 and 2002. The control deficiency described in item 5 resulted in audit adjustments to the 2005 annual consolidated financial statements. Additionally, each control deficiency could result in a misstatement of the aforementioned accounts or disclosures that would result in a material misstatement in our annual or interim consolidated financial statements that would not be prevented or detected. Management has determined that each of the control deficiencies described in items 1 through 6 constitutes a material weakness.

As a result of these material weaknesses, management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2005, based on criteria established in “Internal Control — Integrated Framework” issued by the COSO.

Management’s assessment of the effectiveness of the company’s internal control over financial reporting as of December 31, 2005, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report which appears in Item 8 of this Form 10-K.

Plan for Remediation of Material Weaknesses — We believe the steps described below, some of which we have already taken as noted herein, together with others that we plan to take, will remediate the material weaknesses discussed above. Specifically, we believe the actions outlined in (i) and (ii), below, will address the first material weakness, while the steps presented in (iii) and (iv), below, will remediate the others.

(i) We are committed to having a strong ethical climate and ensuring that any employee concerned with activity believed to be improper will bring his or her concerns to the prompt attention of management, either directly or anonymously through our Ethics and Compliance Helpline. Toward that end, in 2005, we took the following actions:

- Within the Commercial Vehicle business unit, we installed a new senior management team, reassigned several controllers and added support resources to the finance staff;

- We enhanced the training program for our *Standards of Business Conduct* by deploying a new training tool to all employees worldwide for reviewing and testing their understanding of the principles contained in the *Standards;* and
- To further improve the visibility to management of potential issues, we have begun requiring our division controllers to send copies of the results of their required periodic on-site plant reviews directly to our Chief Accounting Officer and our controllers at all levels to make their quarterly certifications and representations directly to our CEO and CFO, as well as to their immediate supervisors. Copies of these on-site plant review reports and quarterly controller certifications are also being sent to Internal Audit to aid in identifying potential financial reporting issues.

(ii) To reduce operating management's ability to effect override of internal control through undue influence, we have changed the reporting structure for the controllers in our business units. Rather than reporting to operating management as they have in the past, controllers now report directly to the finance group headed by our CFO. Consequently, senior financial management is now responsible for hiring, training, performance appraisals, promotions and compensation of all finance people within the company. Over the near term, the cultural aspects of this change will be addressed through more robust communication and interaction within the finance organization through more frequent meetings of our controller groups and enhanced web-based tools designed specifically to address the needs of our finance organization.

(iii) We have augmented the GAAP training that is regularly part of our periodic controller conferences, web casts and outside continuing education programs by updating our special GAAP training course. We held special GAAP training sessions for our financial personnel in Europe in October and November 2005, and we will continue this training in North America, South America, and Asia Pacific in 2006.

(iv) We have taken or plan to take the following additional steps to improve our internal control over financial reporting:

- During 2005, we augmented the resources in our corporate accounting department, and in 2006 we will continue to add to the department's staff and utilize external resources as appropriate;
- Outside of the corporate accounting department, we will continue to add financial personnel as necessary throughout the company to provide adequate resources with appropriate levels of experience and GAAP knowledge;
- Additional emphasis is being placed by senior management in operations and information technology to develop specific remediation plans for all the control deficiencies, concentrating initially on those pertaining to the segregation of duties and other operations-based matters identified as material weaknesses;
- We are creating centers of excellence for finance functions to process transactions which require specialized accounting knowledge;
- We will implement a centralized contract administration process such that all significant agreements, and significant changes to such agreements, are reviewed by experienced financial personnel who will prescribe and monitor the appropriate accounting for the underlying transactions;
- We are currently recruiting to replace the human resource professional assigned in 2005 to focus on the organizational development needs of the Finance group and to track the training and career paths of our finance personnel, reassess the competency requirements for our key financial positions and determine our overall financial staffing needs;
- During 2005, we dedicated information technology (IT) personnel to assist in planning for the future IT needs of our finance function;
- During 2006, we will complete the deployment to all our locations of account reconciliation software to allow for the access and review of reconciliations from a central location;

- We will enhance our corporate accounting policies in certain areas, including long-lived assets and goodwill, and deploy the resultant changes to our financial people worldwide;
- As part of the ongoing transformation of our finance function, we will continue to centralize control and responsibility for routine, high-volume accounting activities in shared service centers or with third-party providers; and
- During 2005, we conducted an independent review of the effectiveness of our internal audit function. As a result of the findings, we will broaden the nature and extent of work that our internal audit department performs by increasing the size of the department and enhancing the competency of its people.

Changes in Internal Control Over Financial Reporting — Our management, with the participation of our CEO and CFO, evaluates any changes in our internal control over financial reporting that occurred during each fiscal quarter that have materially affected, or are reasonably likely to materially affect, such internal control over financial reporting. The following material changes occurred during the fourth quarter of 2005 that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting:

- The implementation of effective controls over the computation and review of our LIFO inventory calculation by modifying the instructions used by both Corporate Accounting and the facilities to ensure all capitalized items, such as steel surcharges, were appropriately reflected in the calculation;
- The completion of the restructuring of the senior management team in the Commercial Vehicle business unit; and
- The ongoing deployment of the account reconciliation software to our major facilities as described above.

CEO and CFO Certifications — The Certifications of our CEO and CFO, which are attached as Exhibits 31-A and 31-B to this Form 10-K, include information about our disclosure controls and procedures and internal control over financial reporting. These Certifications should be read in conjunction with the information contained in this Item 9A for a more complete understanding of the matters covered by the Certifications.

Item 9B. *Other Information*

- -None-

PART III

Item 10. *Directors and Executive Officers of the Registrant*

Directors

We currently have the following directors, who will hold office until their successors are elected by the Board:

- *A. Charles Baillie*, age 66, was formerly Chairman of the Board of The Toronto-Dominion Bank, a Canadian chartered bank which, with its subsidiaries, offers a full range of financial products and services, from 1998 to 2003 and Chief Executive Officer from 1997 to 2002. He has been a Dana director since 1998 and is also a director of Canadian National Railway Company and TELUS Corporation.
- *David E. Berges*, age 56, has been Chairman of the Board and Chief Executive Officer of Hexcel Corporation, a leading international producer of advanced structural materials and composite parts serving aerospace, defense, electronics and other industrial markets, since 2001 and President since 2002. He was previously President of the Automotive Products Group of Honeywell International Inc., a manufacturer of aerospace products and services, specialty materials, automation and control systems and transportation and power systems from 1997 to 2001. He has been a Dana director since 2004.
- *Michael J. Burns*, age 54, has been Chief Executive Officer, President and a director of Dana since March 2004, and Chairman of the Board and Chief Operating Officer since April 2004. He was previously President of General Motors Europe, a vehicle manufacturer, from 1998 to 2004. He is also a director of United Parcel Service, Inc.
- *Edmund M. Carpenter*, age 64, has been President and Chief Executive Officer of Barnes Group Inc., a diversified international company serving a range of industrial and transportation markets, since 1998. He has been a Dana director since 1991 and is also a director of Campbell Soup Company.
- *Richard M. Gabrys*, age 64, has been Dean of the School of Business of Wayne State University since January 2006 and President and Chief Executive Officer of Mears Investments LLC, a personal family investment company, since 2004. He was previously Vice Chairman of Deloitte & Touche LLP, a professional services firm providing audit and financial advisory services, from 1995 to 2004. He has been a Dana director since 2004 and is also a director of CMS Energy Corp.
- *Samir G. Gibara*, age 67, was formerly Chairman of the Board of The Goodyear Tire & Rubber Company, a company which manufactures and markets tires and rubber, chemical and plastic products for the transportation industry and industrial and consumer markets, from 1996 to 2003, Chief Executive Officer from 1996 to 2002, and President and Chief Operating Officer from 1995 to 2002. He has been a Dana director since 2004 and is also a director of International Paper Company.
- *Cheryl W. Grisé*, age 53, has been Executive Vice President of Northeast Utilities, a regional provider of energy products and services, since December 2005, Chief Executive Officer of Northeast Utilities' principal operating subsidiaries since 2002, and President of Northeast Utilities' Utility Group since 2001. She was previously Senior Vice President, Secretary and General Counsel of Northeast Utilities from 1998 to 2001. She has been a Dana director since 2002 and is also a director of MetLife, Inc.
- *James P. Kelly*, age 63, was formerly Chairman of the Board and Chief Executive Officer of United Parcel Service, Inc., a package delivery company and global provider of specialized transportation and logistics services from 1997 to 2002. He has been a Dana director since 2002 and is also a director of BellSouth Corporation, Hewitt Associates and United Parcel Service, Inc.

- *Marilyn R. Marks*, age 53, has been Chairman of the Board and Chief Executive Officer of Corporate Marks, LLC, a management advisory and consulting services company, since 2005. She has been a Dana director since 1994.
- *Richard B. Priory*, age 59, was formerly Chairman of the Board and Chief Executive Officer of Duke Energy Corporation, a supplier of energy and related services from 1997 to 2003. He has been a Dana director since 1996.

Executive Officers

You can find information about our executive officers under the caption "Executive Officers of the Registrant" in Item 1.

Audit Committee and Audit Committee Financial Expert

Our Board has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), to oversee our accounting and financial reporting processes and audits of our financial statements. All members of our Audit Committee are non-management directors who meet the independence requirements of Section 303A.02 of The New York Stock Exchange *Listed Company Manual.* Currently, our Audit Committee members are Mr. Gabrys (Chairman), Mr. Carpenter, Mr. Gibara, Ms. Grisé and Ms. Marks. Our Board has determined that each of these individuals is an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K under the Exchange Act.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than 10% of our stock to file initial stock ownership reports and reports of changes in their ownership with the SEC. Under SEC rules, we must be furnished with copies of these reports. Based on our review of these reports and representations made to us by such persons, we do not know of any failure by such persons to file a report required by Section 16(a) on a timely basis during 2005.

Code of Ethics

Our *Standards of Business Conduct* (the *Standards*) constitute the code of ethics that we have adopted for our employees (including our principal executive officer, principal financial officer, principal accounting officer, and persons performing similar functions) which is designed to deter wrongdoing and to promote (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in our other public communications; (iii) compliance with applicable governmental laws, rules and regulations; (iv) the prompt internal reporting of violations of the *Standards* to the persons identified therein; and (v) accountability for adherence to the *Standards.* A copy of the *Standards* is posted on our Internet website at http://www.dana.com/investors at the "Corporate Governance" link.

If we adopt a substantive amendment to the *Standards of Business Conduct,* or if we grant a waiver or implicit waiver of any provision of the *Standards* relating to the above elements to our principal executive, financial or accounting officers or to persons performing similar functions, within four business days following the date of such action, we will post a notice at our website at the above address describing the nature of the amendment or waiver and, in the case of any such waiver, the name of the person to whom it was granted and the date of the waiver. For this purpose, "waiver" means our approval of a material departure from a provision of the *Standards* and "implicit waiver" means our failure to take action within a reasonable period of time regarding a material departure from a provision of the *Standards* that has been made known to one of our executive officers.

Table of Contents

Item 11. ***Executive Compensation.***

Summary Compensation Table

The following table contains information about the compensation for services rendered to Dana and our subsidiaries which was paid or awarded to or earned by our Chief Executive Officer (CEO); the four other most highly compensated persons who were serving as our executive officers at the end of 2005; and Mr. Laisure, who was an executive officer during 2005 but left active employee status during the year (each a Named Executive Officer). Messrs. Cole, Richter and Laisure retired from Dana on January 1, March 1, and April 1, 2006, respectively.

		Annual Compensation			Long-Term Compensation Awards		
Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Other Annual Compensation ($)(3)	Restricted Stock Awards ($)(4)	Securities Under-lying Options/ SARs (#)(5)	All Other Compensation ($)(6)
Michael J. Burns	2005	$ 1,029,167	0	$ 196,648	$ 794,978	321,543	$ 271,893
Chairman, CEO,	2004	826,250	$ 1,000,000	100,539	3,536,395	510,000	399,903
President and Chief	2003	—	—	—	—	—	—
Operating Officer							
Robert C. Richter	2005	546,667	0	120,109	246,439	99,923	3,308
Chief Financial	2004	530,000	159,000	50,865	157,010	34,000	3,233
Officer	2003	500,000	306,000	—	0	55,000	3,158
Bernard N. Cole	2005	506,667	0	136,689	246,439	99,923	51,280
President — Heavy	2004	458,750	165,000	67,881	246,730	34,000	5,235
Vehicle	2003	412,000	210,000	—	0	40,000	5,115
Technologies and							
Systems Group							
Michael L. DeBacker	2005	402,500	0	134,238	149,973	60,662	0
General Counsel and	2004	390,000	146,250	—	112,150	22,000	0
Secretary	2003	369,625	205,000	—	0	36,000	0
Nick L. Stanage	2005	96,564	126,000	62,589	226,440	50,000	99,577
President — Heavy	2004	—	—	—	—	—	—
Vehicle Products	2003	—	—	—	—	—	—
James M. Laisure	2005	527,000	0	96,592	246,439	99,923	4,733
President	2004	449,145	130,000	—	193,150	22,000	5,135
Automotive Systems	2003	388,000	210,000	—	0	40,000	4,515
Group(7)							

(1) The amount shown in this column for Mr. Laisure for 2005 includes salary of $155,000 paid while he was an active employee of Dana, and a total of $372,000 in separation pay installments paid pursuant to his separation agreement, discussed under the caption “Separation Agreements.” The amount shown for Mr. Stanage is the salary he earned in 2005 after joining the company in August.

(2) We show annual bonuses in the year in which they are earned, regardless of whether payment is made then or in the following year or deferred for future distribution. The amount shown in this column for Mr. Stanage consists of the $126,000 minimum guaranteed annual bonus for 2005 provided under his employment agreement, discussed under the caption “Employment Agreements.”

(3) This column shows the total value of the perquisites and personal benefits received by the Named Executive Officer for any year in which the aggregate of such perquisites and benefits exceeded the lesser of $50,000 or 10% of his salary and bonus for the year.

The amounts shown in this column include: (i) for Mr. Burns in 2005, reimbursements for the payment of taxes ($76,576) and supplemental life insurance premiums ($75,515); (ii) for Mr. Richter in 2005, reimbursements for the payment of taxes ($48,006) and supplemental life insurance premiums ($36,197) and in 2004, reimbursements for the payment of taxes ($17,597) and fees for professional services ($19,833); (iii) for Mr. Cole in 2005, reimbursements for the payment of taxes ($47,942) and

supplemental life insurance premiums ($55,795), and in 2004, reimbursements for the payment of taxes ($19,520) and use of corporate aircraft ($21,313); (iv) for Mr. DeBacker in 2005, reimbursements for the payment of taxes ($55,892) and supplemental life insurance premiums ($65,086); (v) for Mr. Stanage in 2005, supplemental life insurance premiums ($58,464); and (vi) for Mr. Laisure in 2005, reimbursements for the payment of taxes ($37,522) and supplemental life insurance premiums ($33,068).

The taxes which were reimbursed were those incurred by the individuals in connection with the supplemental insurance premiums and/or fees for professional financial planning, tax preparation and/or estate planning services paid by Dana. For Mr. Cole, they also included taxes incurred in connection with his company vehicle.

The premiums paid by the company for supplemental life insurance increased substantially in 2005 when, in response to legislative and tax law changes, Dana changed the policies provided under its Senior Management Life Insurance Program from split dollar policies jointly owned by the participants and the company to variable universal life policies owned by the individuals. The premiums were affected by differences in the way assets are invested under these two types of policies in order for the policies to reach their targeted values in specified time frames.

(4) (a) For Mr. Burns, this column shows the value of 50,188 restricted shares granted on February 14, 2005, under our 1999 Restricted Stock Plan; 63,135 restricted stock units granted under his employment agreement on March 1, 2004; and 102,552 restricted stock units granted under his employment agreement on April 19, 2004.

For the other Named Executive Officers, this column shows the value of the following restricted shares granted under our 1999 Restricted Stock Plan: (i) for Mr. Richter, 15,558 shares granted on February 14, 2005, and 7,000 shares granted on February 9, 2004; (ii) for Mr. Cole, 15,558 shares granted on February 14, 2005, and 11,000 shares granted on February 9, 2004; (iii) for Mr. DeBacker, 9,468 shares granted on February 14, 2005, and 5,000 shares granted on February 9, 2004; (iv) for Mr. Stanage, 17,000 shares granted on August 29, 2005; and (v) for Mr. Laisure, 15,558 shares granted on February 14, 2005, 5,000 shares granted on February 9, 2004, and 4,000 shares granted on April 20, 2004. None of these restricted shares vest in under three years except those granted to Mr. Cole in 2005, which would have vested on February 28, 2007, but were forfeited when he retired.

We calculated the values shown in this column by multiplying the number of restricted shares or restricted stock units granted by the closing price of our shares on the grant dates; none of the shares or units had a down payment or purchase price. Dividends are payable on these restricted shares and restricted stock units in the form of additional restricted shares or units, accrued at the same times and rates as cash dividends are paid to our shareholders.

(b) As of December 31, 2005, the aggregate number and value of the restricted shares and restricted stock units held by each Named Executive Officer were as follows: (i) for Mr. Burns, 51,559 restricted shares and 174,050 restricted stock units, valued at $1,619,872; (ii) for Mr. Richter, 56,829 restricted shares and 11,287 restricted stock units valued at $477,553; (iii) for Mr. Cole, 54,327 restricted shares and 7,824 restricted stock units valued at $436,544; (iv) for Mr. DeBacker, 28,010 restricted shares valued at $178,388; (v) for Mr. Stanage, 17,164 restricted shares valued at $123,238; and (vi) for Mr. Laisure, 70,025 restricted shares valued at $502,780. We calculated these aggregate values by multiplying (i) the number of restricted shares or restricted stock units held by each individual by (ii) the difference between the closing price of our shares on December 30, 2005, the last trading day of the year, and any per share or per unit purchase price paid by the individual.

(5) This column shows the number of shares of Dana stock underlying options granted under our Stock Incentive Plan. No stock appreciation rights (SARs) were granted to the Named Executive Officers in years 2003 through 2005.

(6) The amount shown in this column for Mr. Burns for 2005 consists of an annual service-based credit of $258,293 to the notional account for the supplemental retirement benefit provided under his employment agreement; a basic contribution of $6,600 made by Dana to Mr. Burns' account under our SavingsWorks Plan, a defined contribution plan qualified under Internal Revenue Code Sections 401(a)

and 401(k); and $7,000 in contributions made by Dana to the SavingsWorks account to match his contributions. The amount shown for Mr. Burns for 2004 consists of an annual service-based credit of $104,354 to the notional account for his supplemental retirement benefit; one-time payments pursuant to his employment agreement consisting of $181,727 to replace compensation earned from his former employer which was forfeited on the termination of such employment, a standard relocation payment of $79,167 (equal to one month's salary), and reimbursement of $11,415 for relocation expenses; a premium payment of $12,923 for a term life insurance policy; a basic contribution of $6,150 to his account under the SavingsWorks Plan; and $4,167 in matching contributions to the SavingsWorks account.

The amounts shown for Messrs. Richter and Laisure are matching contributions made by Dana to these individuals' accounts under our SavingsPlus Plan, a defined contribution plan qualified under Internal Revenue Code Sections 401(a) and 401(k).

The amount shown for Mr. Cole for 2005 consists of a one-time matching contribution of $45,925 made by Dana to his account under our Employees' Stock Purchase Plan at the time this plan was terminated by Dana and a $5,355 matching contribution made by Dana to his account under our SavingsPlus Plan. The amounts shown for 2004 and 2003 consist of matching contributions made by Dana to his SavingsPlus Plan account.

The amount shown for Mr. Stanage for 2005 consists of a one-time payment of $70,000 under his employment agreement to replace compensation earned from his former employer which was forfeited on the termination of such employment; reimbursement of $23,333 for relocation expenses; and a basic contribution of $4,997 to his account under the SavingsWorks Plan and $1,247 in matching contributions to this account.

(7) Mr. Laisure served as President — Engine and Fluid Management Group from 2001 to 2004.

Option/ SAR Grants in Last Fiscal Year

We granted options and SARs with respect to an aggregate of 2,368,570 shares of Dana stock in 2005 under our Stock Incentive Plan. The following table shows the options that were granted to the Named Executive Officers in 2005. No SARs were granted to the Named Executive Officers in 2005, although SARs were granted to other individuals.

Name	Number of Securities Underlying Options Granted(#)	% of Total Options/SARs Granted to Employees in 2005	Exercise or Base Price ($/Share)(1)	Expiration Date(2)	Grant Date Present Value($)(3)
Mr. Burns	321,543	13.57%	$ 15.94	02-13-15	$ 1,376,204
Mr. Richter	99,923	4.22%	$ 15.94	02-13-15	427,670
Mr. Cole	99,923	4.22%	$ 15.94	02-28-07	427,670
Mr. DeBacker	60,662	2.56%	$ 15.94	02-13-15	259,633
Mr. Stanage	50,000	2.11%	$ 13.35	08-28-15	180,500
Mr. Laisure	99,923	4.22%	$ 15.94	02-13-15	427,670

(1) The exercise price is the amount the holder must pay to purchase each share of stock that is subject to an option. The exercise prices reported in this table equal the "fair market value" (as defined in the Stock Incentive Plan) of the stock on the grant date. All options shown in the table were granted on February 14, 2005, except those shown for Mr. Stanage, which were granted on August 29, 2005.

(2) All options shown in the table became exercisable on December 1, 2005, as a result of the accelerated vesting described in Note 10 to our consolidated financial statements, except those shown for Mr. Stanage, which will vest in 25% increments on each of the first four anniversary dates of the grant and expire ten years from the date of grant.

(3) We used a binomial option pricing model to determine the hypothetical grant date value for the options shown in this table. The average fair value of the options granted to Messrs. Burns, Richter, Cole,

DeBacker and Laisure was $4.28 per share under the binomial method, using a weighted-average market value at date of grant of $15.94 and the following weighted-average assumptions: risk-free interest rate of 3.86%, a dividend yield of 2.64%, volatility of 30.0% to 31.5%, expected forfeitures of 17.52% and an expected option life of 6.74 years. The average fair value of the options granted to Mr. Stanage was $3.61 per share under the binomial method, using a weighted-average market value at date of grant of $13.35 and the following weighted-average assumptions: risk-free interest rate of 4.05%, a dividend yield of 3.17%, volatility of 31.5% to 35.0%, expected forfeitures of 45.7% and an expected option life of 5.81 years.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table shows (i) the number and value of options exercised in 2005 by the Named Executive Officers; (ii) the number of securities underlying the unexercised options held by the Named Executive Officers at December 31, 2005; and (iii) the value of the unexercised in-the-money options held by the Named Executive Officers at December 31, 2005, based on the $7.18 per share closing price of our stock on December 30, 2005, the last trading day of the year. None of the Named Executive Officers held or exercised any SARs during 2005.

			Number of Securities Underlying Unexercised Options at 12/31/05(#)		Value of Unexercised In-the-Money Options at 12/31/05 ($)	
Name	Shares Acquired on Exercise (#)	Value Realized($)	Exercisable	Unexercisable	Exercisable	Unexercisable
Mr. Burns	0	$ 0	831,543	0	$ 0	$ 0
Mr. Richter	0	0	430,423	27,500	0	0
Mr. Cole	0	0	369,923	20,000	0	0
Mr. DeBacker	0	0	231,162	18,000	0	0
Mr. Stanage	0	0	0	50,000	0	0
Mr. Laisure	0	0	317,923	20,000	0	0

Long-Term Incentive Plan Awards in Last Fiscal Year

The following table contains information about the performance shares that were awarded to the Named Executive Officers in 2005 under our Stock Incentive Plan.

The number of performance shares awarded to each Named Executive Officer was determined based on an individual target dollar value related to his pay group. Vesting of the performance shares is contingent on Dana's achieving, over the three-year performance period from 2005 through 2007, pre-established performance goals for (i) cumulative earnings per share (EPS) and (ii) average return on invested capital (ROIC) measured against the peer group companies selected by our Compensation Committee.

The threshold number of performance shares shown in table will be earned if Dana achieves the minimum level of performance set by the Compensation Committee for the EPS and ROIC goals; the target number of performance shares will be earned if Dana achieves the target levels of performance; and the maximum number of performance shares will be earned if Dana achieves at least the maximum levels of performance. Generally, the individual must be actively employed by Dana at the end of the performance period (December 31, 2007) for his performance shares to vest based on Dana's performance. All vested

performance shares will be paid in cash in an amount equal to the fair market value of such shares on December 31, 2007, except for Mr. Burns' performance shares, which will be paid in shares of Dana stock.

Name	Number of Performance Shares Awarded	Performance Period Until Payout	Estimated Future Payouts Under Non-Stock Price-Based Plan		
			Threshold Level	Target Level	Maximum Level
Mr. Burns	75,282 shares	2005-2007	60,225 shares	75,282 shares	90,338 shares
Mr. Richter	23,434 shares	2005-2007	18,747 shares	23,434 shares	28,120 shares
Mr. Cole	23,434 shares	2005-2007	18,747 shares	23,434 shares	28,120 shares
Mr. DeBacker	14,203 shares	2005-2007	11,362 shares	14,203 shares	17,043 shares
Mr. Stanage	5,000 shares	2005-2007	4,000 shares	5,000 shares	6,000 shares
Mr. Laisure	23,434 shares	2005-2007	18,747 shares	23,434 shares	28,120 shares

Pension Benefits

Pension benefits for Messrs. Burns and Stanage are provided in their individual Supplemental Executive Retirement Plans, established pursuant to their employment agreements and described under the caption "Employment Agreements." Pension benefits for Mr. DeBacker will be determined under the Dana pension plans described below. Pension benefits for Messrs. Richter, Cole, and Laisure, who retired in 2006, were determined under these plans and are described in more detail below.

Dana Corporation Retirement Plan (the CashPlus Plan) — This plan is a cash balance plan (a type of non-contributory defined benefit pension plan in which the participants' benefits are expressed as individual accounts). Management employees (and most other non-union employees) first employed by Dana before January 1, 2003, participate in this plan.

The normal retirement age under this plan is 65. Benefits under the plan are computed as follows. During each year of participation in the plan, a participating employee earns a service credit equal to a specified percentage of his or her earnings (as defined in the plan) up to one-quarter of the Social Security taxable wage base, plus a specified percentage of his or her earnings above one-quarter of the taxable wage base. The percentages increase with the length of Dana service. A participant with 30 or more years of service receives the maximum credit (6.4% of earnings up to one-quarter of the taxable wage base, plus 12.8% of earnings over one-quarter of the taxable wage base).

A participant employed by Dana on July 1, 1988 (when this plan was converted to a cash balance plan) also earns a transition benefit designed to provide that his or her retirement benefit under this plan will be comparable to the benefit he or she would have received under the predecessor plan. A participant earns this transition benefit ratably over the period from July 1, 1988, to his or her 62nd birthday, except that in the event of a change in control of Dana (as defined in the plan), the participant will be entitled to the entire transition benefit. The accumulated service credits and the transition benefit are credited with interest annually, in an amount (generally not less than 5%) established by our Board. A participant who was employed by Dana on July 1, 1988, and was eligible to retire on July 1, 1993, will receive the greater of the benefit provided by this plan or a benefit comparable to the benefit provided under the predecessor plan (determined as of July 1, 1993) with interest credits.

The estimated monthly annuity benefit payable under this plan to Mr. DeBacker, starting at age 65, as accrued through December 31, 2005, is $5,060. While we are not currently contemplating any changes to this plan as a result of our bankruptcy filing that would effect the payment of benefits accrued thereunder, there can be no assurance that changes will not be made.

Excess Benefits Plan — U.S. federal tax law imposes maximum payment and covered compensation limitations on tax-qualified pension plans. Dana has adopted an Excess Benefits Plan which covers all employees eligible to receive retirement benefits under any funded tax-qualified defined benefit plan of the company, including the CashPlus Plan, whose pension benefits are affected by these limitations. This plan provides that Dana will pay from its general funds any amounts that exceed the federal limitations and any amounts that are not paid under the CashPlus Plan due to earnings being reduced by deferred bonus

payments. In the event of a change of control of Dana (as defined in the plan), participants will receive lump-sum payments of all benefits previously accrued and will be entitled to continue to accrue benefits thereunder. The estimated monthly annuity benefit payable under this plan to Mr. DeBacker, starting at age 65, as accrued through December 31, 2005, is $2,394. Claims for benefits accrued under this non-qualified plan prior to our bankruptcy filing are pre-petition claims and there can be no assurances that such benefit amounts will be paid.

Supplemental Benefits Plan — Dana has also adopted a Supplemental Benefits Plan that covers certain U.S.-based senior management who participated in the predecessor to the CashPlus Plan as of June 30, 1988. Under this plan, a participant who retires before the end of 2009, will be entitled to receive the difference between the aggregate benefits that he or she will receive under the CashPlus and Excess Benefits Plans and, if greater, a percentage of the benefit that he or she would have been entitled to receive under the predecessor plan to the CashPlus Plan in effect before July 1, 1988. That percentage is 70% in the event of retirement in the years 2005 through 2009. The predecessor plan formula is based on 1.6% of final monthly earnings (as defined in the plan) for each year of credited service, less 2% of 80% of a participant's Social Security benefit for each year of accredited service up to 25 years. In the event of a change of control of Dana (as defined in the plan), participants will receive lump-sum payments of all benefits previously accrued and will be entitled to continue to accrue benefits thereunder. The estimated monthly annuity benefit payable under this plan to Mr. DeBacker, starting at age 65, as accrued through December 31, 2005, and reflecting the 70% benefit, is $3,310. Claims for benefits accrued under this non-qualified plan prior to our bankruptcy filing are pre-petition claims and there can be no assurances that such benefit amounts will be paid.

Named Executive Officers Who Retired in 2006 — Messrs. Richter, Cole and Laisure retired from service with Dana in 2006. Mr. Richter has received lump sum distributions of his pension benefits under the foregoing plans as follows: $319,491 under the CashPlus Plan, $726,784 under the Excess Benefits Plan, and $368,475 under the Supplemental Benefits Plan. Mr. Cole has received lump sum distributions of his benefits as follows: $961,975 under the CashPlus Plan, $846,261 under the Excess Benefits Plan, and $763,522 under the Supplemental Benefits Plan. He will receive an additional payment of $113,311 under the CashPlus Plan later this year. Mr. Laisure will receive monthly annuity payments of $6,119 under the CashPlus Plan. He also had accrued benefits under the Excess Benefits Plan and the Supplemental Benefits Plan and the estimated monthly annuity benefits payable to him under these plans are $4,605 and $3,704, respectively. Claims for benefits accrued under these plans prior to our bankruptcy filing are pre-petition claims and there can be no assurances that these amounts will be paid.

Compensation of Directors

We do not pay Mr. Burns any additional compensation for his service as Chairman of the Board.

Our non-management directors receive an annual retainer of $40,000 for Board service. In addition, our Audit and Compensation Committee Chairmen receive annual retainers of $15,000 for such service and the other members of these committees receive annual retainers of $5,000. Our Finance and Governance and Nominating Committee Chairmen receive annual retainers of $10,000 for such service and the other members of these committees receive annual retainers of $2,500.

In April 2006, our Board appointed Mr. Priory as its Presiding Director. As such, his responsibilities include chairing the executive sessions of the independent directors and providing feedback to the Board Chairman with respect to matters discussed in those sessions. He will also advise the Board Chairman regarding the agenda and scheduling of Board meetings and the flow of information from management to the Board. For services as the Presiding Director, Mr. Priory will receive an annual fee of $30,000, plus a payment of $3,000 for each full or partial day when he is performing services as the Presiding Director, assuming he is not at the time performing other services for the Board or its committees.

Our non-management directors receive a fee of $1,500 for each Board or committee meeting attended in person and $1,000 for each meeting attended telephonically. Non-management directors may attend all committee meetings, whether or not they are members of the committee. Non-management

directors are reimbursed for expenses and may have the use of company facilities in connection with travel to and from, and attendance at, Board and committee meetings. In 2005, Messrs. Berges and Carpenter and Ms. Grisé each had imputed compensation of $339 (including reimbursement for taxes) as a result of their personal use of company facilities.

We furnish our non-management directors with $25,000 in group term life insurance. In 2005, we paid insurance premiums of $60 per director for this coverage and reimbursed the directors an average of $41 for payment of the related taxes.

Our non-management directors may be reimbursed for tuition and fees for attending accredited educational programs relating to Board and corporate governance matters. No amounts were paid or reimbursed for such programs in 2005.

Our non-management directors participate in our Director Deferred Fee Plan, which is described in Note 10 to our consolidated financial statements. As a result of our bankruptcy filing, there can be no assurance that any compensation deferred under this plan will be paid. Some of our non-management directors also have options that were granted under our 1998 Directors' Stock Option Plan, also described in Note 10 to our consolidated financial statements, which was terminated in 2004. The last of these options will expire in 2013, if not exercised sooner.

All of our directors may participate in the Dana Foundation Matching Gifts Program, under which the Dana Foundation matches gifts by current and retired Dana directors and certain full-time employees and retirees to accredited U.S. educational institutions. In 2005, matches up to $7,500 per year in the aggregate were permitted. Subsequently, the maximum aggregate match has been reduced to $2,500. In 2005, the Foundation matched gifts to educational institutions of $1,500 for Mr. Baillie; $6,000 for Mr. Berges; $5,200 for Mr. Burns; $4,500 for Mr. Carpenter; and $5,750 for Mr. Gibara.

Employment Agreements

Mr. Burns' Employment Agreement — Mr. Burns entered into an employment agreement with Dana when he commenced service with the company in March 2004. Pursuant to this agreement, Mr. Burns received the compensation shown in Summary Compensation Table for 2004 and 2005 (including the annual salary, other annual compensation and long-term incentive equity grants shown for both years and the 2004 annual bonus) and the 2005 long-term equity grants shown under the caption "Long-Term Incentive Plan Awards in Last Fiscal Year."

Under his agreement, Mr. Burns has a Supplemental Executive Retirement Plan under which he will be entitled to receive a non-qualified supplemental retirement benefit equal to the vested amount credited to a notional account that we have established on his behalf. An initial credit of $5,900,000 was made to this account in 2004, his year of hire, to replace non-qualified supplemental retirement benefits from his prior employer that he forfeited upon leaving that employment. Additional annual service-based credits and interest credits will be made to his account each year as if he were participating in our CashPlus Plan, without regard to certain legal limits on compensation and benefits that apply to that plan. For 2004 and 2005, these credits are shown in the "All Other Compensation" column of the Summary Compensation Table. For the purpose of determining the annual service-based credit, Mr. Burns will be deemed to have completed 30 years of service with Dana. As a result, he will receive an annual service credit equal to 6.4% of earnings (as defined in the CashPlus Plan) up to one-quarter of the Social Security taxable wage base, plus 12.8% of earnings over one-quarter of such taxable wage base. The benefit payable to Mr. Burns under this arrangement will be offset by the vested account balance he has under our SavingsWorks Plan, other than the portion of such balance attributable to his elective deferrals. The balance credited to his account is subject to a five-year vesting requirement (with partial acceleration upon his termination of employment by Dana without cause, by Mr. Burns for good reason or due to his death or disability). As a result of our bankruptcy filing, Mr. Burns is an unsecured creditor with respect to the retirement benefits accrued under this plan and there can be no assurance that he will receive any payments under the plan.

Mr. Burns' agreement will continue in effect until it is terminated due to his death or disability, by Dana with or without cause, or by Mr. Burns with or without good reason (as defined in the agreement). In either of the latter two events, Mr. Burns will be entitled to any accrued and deferred salary, pro-rata bonus for the year of termination, vacation pay and benefits through the date of termination. In addition, upon a termination without cause by Dana or a termination with good reason by Mr. Burns, conditioned upon his signing a release of claims in favor of Dana, he will be entitled to monthly severance payments for a two-year period equal to 1/12 of the sum of his annual base salary and the target bonus he was scheduled to receive during the year of termination, continuation of benefits for the two-year severance period, and service credit under Dana's benefit plans for such severance period.

Under his agreement, Mr. Burns has agreed not to disclose any confidential information about Dana to others while employed by the company or thereafter and not to engage in competition with Dana for two years following his termination of employment.

Mr. Stanage's Employment Agreement — Mr. Stanage has an agreement with Dana pursuant to which he commenced service with the company in August 2005. Under this agreement, Mr. Stanage's 2005 annual base salary was $280,000 and he was guaranteed a minimum bonus of $126,000 in 2005. He also received (i) a one-time payment of $70,000 to replace compensation earned from his former employer that was forfeited upon termination of that employment, which must be repaid if he voluntarily terminates his employment with Dana within the first 12 months after his date of hire; (ii) customary relocation reimbursement; and (iii) 2005 equity grants consisting of 50,000 stock options with a ten-year term which will vest in 25% increments on the first four anniversary dates of the grant, 17,000 restricted shares which will vest 100% at the end of five years, and 5,000 performance shares which will vest on December 31, 2005, if earned based on the achievement of his individual performance goals and the EPS and ROIC performance measures applicable to the performance shares granted to other Dana executives in February 2005.

Pursuant to his agreement, Mr. Stanage has a Supplemental Executive Retirement Plan designed to provide him with certain non-qualified retirement benefits to replace the non-qualified retirement benefits from his prior employer that he forfeited upon leaving that employment. The plan is an unfunded pension plan subject to the Employee Retirement Income Security Act of 1974, as amended. Under the terms of the plan, if Mr. Stanage continues employment with Dana to his normal retirement age (age 62), he will receive a normal retirement benefit of $2,095,500, payable in a lump sum. If he dies, becomes disabled or is involuntarily terminated from employment by Dana for any reason other than "cause" (as defined in the plan) before he reaches age 62, he will be entitled to a portion of his normal retirement benefit (not exceeding 100%) equal to the greater of (i) his normal retirement benefit multiplied by (a) his years of "credited service" (as defined in the plan) divided by (b) 15-4/12, or (ii) 50% of his normal retirement benefit. If, after August 29, 2010, and before he reaches age 62, Mr. Stanage elects to retire or resign voluntarily or his employment is terminated by Dana for cause, in lieu of any other benefit payable under the plan, he will be entitled to a pro rata share (not exceeding 100%) of his normal retirement benefit, calculated by multiplying (a) his normal retirement benefit by (b) his years of credited service divided by 15-4/12. In the event of a "change in control" of Dana (as defined in the plan and subject to Internal Revenue Code Section 409A), Mr. Stanage's normal retirement benefit will become fully vested and he will be entitled to a lump sum payment within 30 days. As a result of our bankruptcy filing, Mr. Stanage is an unsecured creditor with respect to the retirement benefits accrued under this plan and there can be no assurance that he will receive any payments under the plan.

Pursuant to his agreement, Mr. Stanage is included in Dana's Change of Control Severance Plan, described below.

Change of Control Agreements

Messrs. Burns, DeBacker and four other individuals have agreements which will become operative upon a "change of control" of Dana (as defined in the agreements) if they are then in the employ of the company. If these agreements become operative, each individual will continue to receive not less than the

total compensation in effect at the time the agreement became operative and will continue to participate in Dana's executive incentive plans with at least the same reward opportunities, and with perquisites, fringe benefits and service credits for benefits at least equal to those that were provided prior to the date the agreement became operative.

Under these agreements, following a change of control of Dana, the individuals agree not to disclose any confidential information about the company to others while employed by Dana or thereafter and not to engage in competition with Dana for three years following their termination of employment, or for one year following such termination if the employment is terminated by Dana without "cause" or by the individual for "good reason" (both as defined in the agreements).

If any of these individuals is terminated by Dana without cause or terminates his employment for good reason after a change of control, he will be entitled to receive a lump sum payment equal to the lesser of the amount which is equal to three years of his compensation or the amount of compensation which would be received by such executive before he reaches the age of 65. For the purpose of calculating the lump sum payment, compensation means the individual's base salary plus the greater of the average of his highest annual bonus over the three preceding years or his target annual bonus as of his date of termination. Additionally, the individual will be entitled to continue his participation under Dana's employee benefit plans and programs for a period of three years, unless benefit coverage is provided by another employer, and will be entitled to certain outplacement benefits.

Under these agreements, if an excise tax is imposed under Internal Revenue Code Section 4999 on payments received by the individual due to a change of control of the company, Dana will generally pay him an amount that will net him the amount he would have received if the excise tax had not been imposed. However, if the change of control payments do not exceed 110% of the highest amount that would not trigger the excise tax under Treasury Department regulations, the amount of such payments will be reduced to the amount necessary to avoid the imposition of the excise tax entirely.

Messrs. Richter, Cole and Laisure had similar change of control agreements, which terminated for Messrs. Richter and Cole when they retired and for Mr. Laisure when he ceased to be an active employee of Dana.

Mr. Stanage participates in our Change of Control Severance Plan, which provides for severance payments and benefits to designated senior managers, key leaders and corporate staff (other than those executives with individual agreements) in the event of a change of control of Dana. This plan, which our Board adopted in 2003, is effective through December 31, 2006.

Termination of Employment Arrangements

Mr. Richter's Consulting Agreement — Mr. Richter entered into a Consulting Agreement with Dana in connection with his retirement on March 1, 2006. This agreement provides that Mr. Richter will serve in an advisory and consulting capacity to Dana for twelve months, with an option for Dana to extend the term for two additional six-month periods. During the term of the agreement, Mr. Richter will be paid a consulting fee of $35,000 per month, plus additional hourly fees if the services requested by Dana exceed 100 hours per month, and will be reimbursed for his out-of-pocket business expenses. Under the agreement, Mr. Richter has agreed to certain confidentiality, non-disclosure, non-competition, non-disparagement and cooperation obligations.

Mr. Laisure's Separation Agreement — Mr. Laisure entered into a Separation Agreement, General Release and Covenant Not to Sue with Dana pursuant to which he ceased to be an active employee on April 12, 2005, and was to retire following a twelve-month separation period. He subsequently retired as of April 1, 2006. Pursuant to the agreement, during this separation period, Mr. Laisure received separation pay equal to twelve months of his 2005 annual base salary ($465,000), payable in ten equal installments through the end of February 2006, and his annual target bonus (60% of such base salary), payable in a lump sum prior to March 15, 2006. The eight installments of separation payments made to him in 2005 are shown in the "Salary" column of the Summary Compensation Table. In 2006, Mr. Laisure received the last

two installments of separation pay ($93,000), the lump sum separation payment ($279,000), and incidental expenses ($30,000) provided under the agreement.

Under his agreement, Mr. Laisure vested in a pro-rata portion of his restricted stock awards, based on the number of full months in the vesting period that elapsed through the end of the separation period. He may exercise stock options granted to him prior to 2005 until May 1, 2010, unless any specific option expires sooner. Options granted to him in 2005 expired at the end of the separation period. His performance share awards vested on a pro-rata basis upon his retirement, in accordance with the terms of the awards and the Stock Incentive Plan under which they were granted.

Compensation Committee Information

Messrs. Baillie, Berges, Kelly, and Priory served as members of our Compensation Committee during 2005. None of them was an officer or employee during 2005, or formerly an officer, of Dana or our subsidiaries, or had any relationship with Dana requiring disclosure under Item 404 of Regulation S-K.

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

Equity Compensation Plan Information

The following table contains information as of December 31, 2005, about shares of stock which may be issued under our equity compensation plans, all of which have been approved by our shareholders.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance
Equity compensation plans approved by security holders	15,878,700(1)	$ 23.88(2)	7,003,564(3)
Equity compensation plans not approved by security holders	Not applicable	Not applicable	Not applicable
Total	15,878,780(1)	$ 23.88(2)	7,803,564(3)

(1) This number includes (i) 15,497,408 shares subject to options and SARs outstanding under our Stock Incentive Plan, 1993 and 1998 Directors Stock Option Plans, and the Echlin Inc. 1992 Stock Option Plan, and (ii) securities to be issued relating to an aggregate of 381,292 restricted stock units outstanding under our Stock Incentive Plan and 1989 and 1999 Restricted Stock Plans.

This number does not include (i) the 295,194 units credited to employees' Stock Accounts under our Additional Compensation Plan as of December 31, 2005, or the 217,075 units credited to our non-management directors' Stock Accounts under the Director Deferred Fee Plan as of that date (all of which may be distributed in the form of cash and/or stock according to the terms of those plans, but which may not be distributed at all as a result of our bankruptcy filing) or (ii) the 436,646 performance shares granted under our Stock Incentive Plan for the 2004-2006 and 2005-2007 performance periods.

(2) In calculating the weighted average exercise price in this column, we excluded the restricted stock units referred to in Note 1, since they have no exercise price.

(3) This number includes the following shares of stock available for future issuance under our equity compensation plans, excluding securities reflected in the second column of this table: 273,805 shares under our Additional Compensation Plan; 230,707 shares under our Director Deferred Fee Plan; 462,313 shares under our 1989 Restricted Stock Plan (as dividend equivalents to be credited on outstanding grants); 421,160 shares under our 1999 Restricted Stock Plan; and 5,615,579 shares under our Stock Incentive Plan (taking into account the 436,646 performance shares referred to in Note 1 at the target payout levels).

Table of Contents

Security Ownership of More Than 5% Beneficial Owners

The following persons, listed alphabetically, have filed reports with the SEC stating that they beneficially own more than 5% of our common stock.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Appaloosa Investment Limited Partnership I(1) 26 Main Street Chatham, NJ 07928	22,500,000 shares	14.8%
Brandes Investment Partners, L.P.(2) 11988 El Camino Real, Suite 500 San Diego, CA 92130	10,859,029 shares	7.2%
Donald Smith & Co., Inc.(3) 152 West 57th Street New York, NY 10019	15,037,400 shares	9.99%
GAMCO Investors, Inc.(4) One Corporate Center Rye, NY 10580	7,308,889 shares	4.86%
Owl Creek Asset Management, L.P.(5) 640 Fifth Avenue, 20th Floor New York, NY 10019	10,350,000 shares	6.9%

(1) In a Schedule 13G dated March 7, 2006, Appaloosa Investment Limited Partnership I reported that it beneficially owned 11,992,500 Dana shares, with shared voting and dispositive powers for all such shares and that Palomino Fund Ltd. beneficially owned 10,507,500 Dana shares, with shared voting and dispositive powers for all such shares; and Appaloosa Management L.P., Appaloosa Partners Inc., and David A. Tepper each beneficially owned 22,500,000 Dana shares, with shared voting and dispositive powers for all such shares.

(2) In a Schedule 13G dated February 14, 2006, Brandes Investment Partners, L.P. reported that it, Brandes Investment Partners, Inc., Brandes Worldwide Holdings, L.P., Charles H. Brandes, Glenn R. Carlson, and Jeffrey A. Busby each beneficially owned 10,859,029 Dana shares, with shared voting power for 9,692,782 of such shares and shared dispositive power for all of them.

(3) In a Schedule 13G dated February 12, 2006, Donald Smith & Co., Inc. reported that it beneficially owned 15,037,400 Dana shares, with sole voting power for 8,263,000 of such shares and sole dispositive power for all of them.

(4) In a Schedule 13D dated April 24, 2006, GAMCO Investors, Inc. reported that Gabelli Funds LLC beneficially owned 2,205,000 Dana shares, with sole voting and dispositive powers for all such shares; GAMCO Asset Management Inc. beneficially owned 4,979,892 Dana shares, with sole voting power for 4,779,192 of such shares and sole dispositive power for all of them; Gabelli Securities, Inc. beneficially owned 25,000 Dana shares, with sole voting and dispositive power for all such shares; MJG Associates, Inc. beneficially owned 49,000 Dana shares, with sole voting and dispositive powers for all such shares; and that GGCP, Inc., GAMCO Investors, Inc. and Mario J. Gabelli were reporting persons with respect to these shares.

(5) In a Schedule 13G dated March 15, 2006, Owl Creek Asset Management, L.P. reported that it beneficially owned 6,536,800 Dana shares, with shared voting and dispositive powers for all such shares, and that Owl Creek I, L.P. beneficially owned 465,200 Dana shares, with shared voting and dispositive powers for all such shares; Owl Creek II, L.P. beneficially owned 3,348,000 Dana shares, with shared voting and dispositive powers for all such shares; Owl Creek Advisors, LLC beneficially owned 3,813,200 Dana shares, with shared voting and dispositive powers for all such shares; and Jeffrey A. Altman beneficially owned 10,350,000 Dana shares, with shared voting and dispositive powers for all such shares.

Table of Contents

Security Ownership of Directors and Executive Officers

Our directors, the Named Executive Officers, and other individuals who were serving as executive officers of the company as of December 31, 2005, have furnished the following information about their beneficial ownership of our stock. This table shows the number of shares beneficially owned by such persons as of March 31, 2006, except that the numbers of shares shown for Messrs. Cole and Richter are as of their earlier retirement dates (January 1 and March 1, 2006, respectively).

Name of Beneficial Owner	Number of Shares Beneficially Owned(1)	Stock Units Representing Deferred Compensation(2)	Percent of Class
Non-Management Directors			
A. Charles Baillie	20,000 shares	31,055 units	Less than 1%
David E. Berges	4,000 shares	14,264 units	Less than 1%
Edmund M. Carpenter	28,452 shares	52,858 units	Less than 1%
Richard M. Gabrys	1,000 shares	6,721 units	Less than 1%
Samir G. Gibara	No shares	10,521 units	Less than 1%
Cheryl W. Grisé	6,000 shares	11,368 units	Less than 1%
James P. Kelly	8,000 shares	27,082 units	Less than 1%
Marilyn R. Marks	30,500 shares	24,658 units	Less than 1%
Richard B. Priory	29,000 shares	38,548 units	Less than 1%
Named Executive Officers			
Michael J. Burns	1,062,828 shares	No units	Less than 1%
Robert C. Richter	34,454 shares	27,369 units	Less than 1%
Bernard N. Cole	494,702 shares	25,096 units	Less than 1%
Michael L. DeBacker	282,840 shares	6,837 units	Less than 1%
Nick L. Stanage	18,376 shares	No units	Less than 1%
James M. Laisure	425,258 shares	40,239 units	Less than 1%
Directors and executive officers as a group (16 persons)	2,458,309 shares	316,616 units	1.63%

(1) All shares shown in this column are beneficially owned directly, and each beneficial owner has sole voting and dispositive power for such shares, except that Ms. Marks indirectly owns 4,000 shares held in trusts for which she is a trustee and Mr. Priory indirectly owns 3,000 shares held by his children. The address of each of these individuals is 4500 Dorr Street, Toledo, Ohio 43615.

The shares shown in this column include restricted stock units granted to Mr. Burns under our Stock Incentive Plan in 2004 pursuant to his employment agreement, restricted shares granted to Mr. Burns and the other executive officers under our 1989 and 1999 Restricted Stock Plans, and the restricted stock units into which some such restricted shares have been converted. You can find more information about the restricted shares and restricted stock units owned by the Named Executive Officers in Note 4 to the Summary Compensation Table in Item 11. For Messrs. Richter and Cole, the number of restricted shares and restricted stock units included in this column are those which vested upon their respective retirements.

The shares shown in this column also include the following shares subject to options exercisable within 60 days from March 31, 2006 (except as noted for Mr. Cole) granted to our non-management directors under the 1998 Directors' Stock Option Plan and to the executive officers under our Stock Incentive Plan: Mr. Baillie, 15,000 shares; Mr. Carpenter, 24,000 shares; Ms. Grisé, 3,000 shares; Mr. Kelly, 6,000 shares; Ms. Marks, 24,000 shares; Mr. Priory, 21,000 shares; Mr. Burns, 831,543 shares; Mr. Cole, 389,923 shares subject to options exercisable within 60 days from January 1, 2006; Mr. DeBacker, 249,162 shares; Mr. Laisure, 317,923 shares; and the directors and executive officers as a group, 1,891,201 shares. No shares subject to exercisable options are included in this column for

Messrs. Richter or Stanage, as the options which Mr. Richter held at retirement were forfeited at that time and Mr. Stanage held no options exercisable within 60 days from March 31, 2006.

(2) This column shows stock units representing deferred compensation credited to the Stock Accounts of the non-management directors under the Director Deferred Fee Plan and to the Stock Accounts of the executive officers under our Additional Compensation Plan. These plans provide that such units may ultimately be distributed in the form of Dana stock and/or cash, at the election of the participants and according to the terms of the plans. We did not count these units in calculating the "Percent of Class" column. This column does not show deferred compensation credited to the Interest Equivalent Accounts of the non-management directors and executive officers under these plans, which may also be distributed in the form of Dana stock and/or cash.

Item 13. ***Certain Relationships and Related Transactions***

- -None-

Item 14. ***Principal Accounting Fees and Services***

Audit Committee Pre-Approval Policy

Our Audit Committee pre-approves the audit and non-audit services performed by our independent registered public accounting firm, PricewaterhouseCoopers LLC (PwC), in order to assure that the provision of such services does not impair PwC's independence. The Audit Committee annually determines which audit services, audit-related services, tax services and other permissible non-audit services to pre-approve and creates a list of the pre-approved services and pre-approved cost levels. Unless a type of service to be provided by PwC has received general pre-approval, it requires specific pre-approval by the Audit Committee. Any services exceeding pre-approved cost levels also require specific pre-approval by the Audit Committee. Management monitors the services rendered by PwC and the fees paid for the audit, audit-related, tax and other pre-approved services and reports to the Audit Committee on these matters at least quarterly.

Table of Contents

PwC's Fees

PwC's aggregate fees for professional services rendered to Dana worldwide were approximately $23 million and $14 million in the fiscal years ended December 31, 2004 and 2005. The following table shows details of these fees, all of which were pre-approved by our Audit Committee.

Service	2004 Fees ($ in millions)	2005 Fees ($ in millions)
Audit Fees		
Audit of consolidated financial statements	$ 10.5	$ 11.5
Securities Act filings and registrations	0.1	0.1
Total Audit Fees	**$ 10.6**	**$ 11.6**
Audit-Related Fees		
Assistance with financial accounting and reporting matters	$ 0.5	$ —
Sarbanes-Oxley Sec. 404 Controls Project assistance	—	—
Other audit services, including audits in connection with divestitures, joint venture and debt agreements	4.4	0.3
Financial due diligence related to acquisitions and divestitures	3.8	0.6
Employee benefit plan audits	0.7	0.8
Tax attestation in non-US jurisdictions	0.1	0.1
Total Audit-Related Fees	**$ 9.5**	**$ 1.8**
Tax Fees		
Tax consulting and planning services	$ 1.3	—
Tax compliance services	0.8	—
Executive tax services	—	—
Expatriate tax services	—	—
Other tax services	0.2	$ 0.2
Total Tax Fees	**$ 2.3**	**$ 0.2**
All Other Fees		
Actuarial compliance and consulting services	$ —	$ —
Other services	0.1	0.1
Total All Other Fees	**$ 0.1**	**$ 0.1**

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as part of this report:

		10-K Pages
(1)	Consolidated Financial Statements:	
	Report of Independent Registered Public Accounting Firm	47
	Consolidated Statement of Income for each of the three years in the period ended December 31, 2005	51
	Consolidated Balance Sheet at December 31, 2004 and 2005	52
	Consolidated Statement of Cash Flows for each of the three years in the period ended December 31, 2005	53
	Consolidated Statement of Shareholders' Equity for each of the three years in the period ended December 31, 2005	54
	Notes to Consolidated Financial Statements	56
(2)	Financial Statement Schedule:	
	Valuation and Qualifying Accounts and Reserves (Schedule II)	106
	All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto Unaudited Quarterly Financial Information	
(3)	Exhibits listed in the "Exhibit Index"	133-138
	Exhibits Nos. 10-A through 10-T are management contracts or compensatory plans or arrangements required to be filed pursuant to Item 15(c) of this report	

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: April 27, 2006

By: /s/ MICHAEL L. DEBACKER

Michael L. DeBacker
Vice President, General Counsel and Secretary

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	Signature
Date: April 27, 2006	/s/ MICHAEL J. BURNS Michael J. Burns, Chairman of the Board and Chief Executive Officer
Date: April 27, 2006	/s/ KENNETH A. HILTZ Kenneth A. Hiltz, Chief Financial Officer
Date: April 27, 2006	/s/ RICHARD J. DYER Richard J. Dyer, Chief Accounting Officer
Date: April 27, 2006	* /s/ A. C. BAILLIE A. C. Baillie, Director
Date: April 27, 2006	* /s/ D. E. BERGES D. E. Berges, Director
Date: April 27, 2006	* /s/ E. M. CARPENTER E. M. Carpenter, Director
Date: April 27, 2006	* /s/ R. M. GABRYS R. M. Gabrys, Director
Date: April 27, 2006	* /s/ S. G. GIBARA S. G. Gibara, Director
Date: April 27, 2006	* /s/ C. W. GRISÉ C. W. Grisé, Director
Date: April 27, 2006	* /s/ J. P. KELLY J. P. Kelly, Director

Date: April 27, 2006	* /s/ M. R. MARKS
	M. R. Marks, Director
Date: April 27, 2006	* /s/ R. B. PRIORY
	R. B. Priory, Director
Date: April 27, 2006	*By: /s/ MICHAEL L. DEBACKER
	Michael L. DeBacker, Attorney-in-Fact

EXHIBIT INDEX

No.	Description	Method of Filing
2-A	Stock and Asset Purchase Agreement by and between AAG Opco Corp. and Dana Corporation	Filed by reference to Exhibit 2-A to our Form 10-Q for the quarter ended June 30, 2004
2-A(1)	Amendment No. 1, dated as of November 1, 2004, to the Stock and Asset Purchase Agreement by and between Affinia Group Inc. (fka AAG Opco Corp.) and Dana Corporation	Filed by reference to Exhibit 99.1 to our Form 8-K filed on November 2, 2004
2-A(2)	Amendment No. 2, dated as of November 30, 2004, to the Stock and Asset Purchase Agreement by and between Affinia Group Inc. and Dana Corporation	Filed by reference to Exhibit 99.1 to our Form 8-K filed on December 2, 2004
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, adopted April 20, 2004	Filed by reference to Exhibit 3-B to our Form 10-Q for the quarter ended March 31, 2004
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-C(1)	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-C(2)	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-C(3)	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-C(4)	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-D	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 medium-term notes program	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-E	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	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-F	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	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-G	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	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-H	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	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 The Great-West Life Assurance Company for 7.03% notes due April 8, 2006, in the principal amount of $7	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-J	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	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-K	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	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-L	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	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-M	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	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-N	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	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 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	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-P	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	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-Q	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 of 9% Notes due August 15, 2011 and #200	Filed by reference to Exhibit 4-I to our Form 10-Q for the quarter ended June 30, 2001
4-Q(1)	of 9% Notes due August 15, 2011 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-Q(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-Q(3)	First Supplemental Indenture between Dana Corporation, as Issuer, and Citibank, N.A., as Trustee, dated as of December 1, 2004	Filed by reference to Exhibit 4-R(3) to our Form 10-K/A for the fiscal year ended December 31, 2004
4-Q(4)	Second Supplemental Indenture between Dana Corporation, as Issuer, and Citibank, N.A., as Trustee, dated as of December 6, 2004	Filed by reference to Exhibit 4-R(4) to our Form l0-K/A for the fiscal year ended December 31, 2004
4-R	Indenture between Dana, as Issuer, and Citibank, N.A., as Trustee, Registrar and Paying Agent, dated as of March 11, 2002, relating to $250 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-R(1)	Form of Rule 144A Global Notes and Regulation S Global Notes (form of initial securities) for $10^{1}/_{8}$% Notes due March 15, 2010	Filed by reference to Exhibit 4-NN(1) to our Form 10-Q for the quarter ended March 31, 2002
4-R(2)	Form of Rule 144A Global Notes and Regulation S Global Notes (form of exchange securities) for $10^{1}/_{8}$% Notes due March 15, 2010	Filed by reference to Exhibit 4-NN(2) to our Form 10-Q for the quarter ended March 31, 2002
4-R(3)	First Supplemental Indenture between Dana Corporation, as Issuer, and Citibank, N.A., as Trustee, Registrar and Paying Agent, dated as of December 1, 2004	Filed by reference to Exhibit 4-S(3) to our Form 10-K/A for the fiscal year ended December 31, 2004
4-S	Indenture for Senior Securities between Dana Corporation, as Issuer, and Citibank, N.A., as Trustee, dated as of December 10, 2004	Filed by reference to Exhibit 4-T to Amendment No. 1 to our Registration Statement No. 333-123924 filed on April 25, 2005

No.	Description	Method of Filing
4-S(1)	First Supplemental Indenture between Dana Corporation, as Issuer, and Citibank, N.A., as Trustee, dated as of December 10, 2004	Filed by reference to Exhibit 4-T(1) to Amendment No. 1 to our Registration Statement No. 333-123924 filed on April 25, 2005
4-S(2)	Form of Rule 144A Global Notes and Regulation S Global Notes (form of exchange securities) for 5.85% Notes due January 15, 2015	Filed by reference to Exhibit 4-T(2) to Amendment No. 1 to our Registration Statement No. 333-123924 filed on April 25, 2005
10-A	Additional Compensation Plan, as amended and restated	Filed by reference to Exhibit A to our Proxy Statement dated March 12, 2004
10-A(1)	First Amendment to Additional Compensation Plan as amended and restated	Filed by reference to Exhibit 99.1 to our Form 8-K filed on December 6, 2005
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 by reference to Exhibit 10-B(1) to our Form 10-K for the fiscal year ended December 31, 2003
10-B(2)	Second Amendment to Amended and Restated Stock Incentive Plan	Filed by reference to Exhibit C to our Proxy Statement dated March 12, 2004
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 by reference to Exhibit 10-C(3) to our Form 10-K for the fiscal year ended December 31, 2003
10-C(4)	Fourth Amendment to Excess Benefits Plan	Filed by reference to Exhibit 10-C(4) to our Form 10-K for the fiscal year ended December 31, 2003
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-D(1)	First Amendment to Director Deferred Fee Plan, as amended and restated	Filed by reference to Exhibit 10-D(1) to our Form 10-Q for the quarter ended March 31, 2004
10-D(2)	Second Amendment to Director Deferred Fee Plan, as amended and restated	Filed by reference to Exhibit 10-D(2) to our Form 10-Q for the quarter ended September 30, 2004
10-D(3)	Third Amendment to Director Deferred Fee Plan, as amended and restated	Filed by reference to Exhibit 99.1 to our Form 8-K filed on April 12, 2005
10-E	Employment Agreement between Dana and M.J. Burns	Filed by reference to Exhibit 10-E(2) to our Form 10-K for the fiscal year ended December 31, 2003

No.	Description	Method of Filing
10-F	Change of Control Agreement between Dana and M.J. Burns. There are substantially similar agreements between Dana and M.L. Debacker and 4 other individuals. There were substantially similar agreements between Dana and B.N. Cole and R.C. Richter until their respective retirements on 1/1/06 and 3/1/06, and J.M. Laisure until he left active employment on 4/12/05	Filed by reference to Exhibit 10-F(1) to our Form 10-K for the fiscal year ended December 31, 2003
10-G	Supplemental Benefits Plan	Filed by reference to Exhibit 10-H to our Form 10-Q for the quarter ended September 30, 2002
10-G(1)	First Amendment to Supplemental Benefits Plan	Filed by reference to Exhibit 10-H(1) to our Form 10-K for the fiscal year ended December 31, 2003
10-H	1999 Restricted Stock Plan, as amended and restated	Filed by reference to Exhibit A to our Proxy Statement dated March 5, 2002
10-H(1)	First Amendment to 1999 Restricted Stock Plan, as amended and restated	Filed by reference to Exhibit 10-I(1) to our Form 10-K for the fiscal year ended December 31, 2003
10-I	1998 Directors’ Stock Option Plan	Filed by reference to Exhibit A to our Proxy Statement dated February 27, 1998
10-I(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-J	Supplementary Bonus Plan	Filed by reference to Exhibit 10-N to our Form 10-Q for the quarter ended June 30, 1995
10-K	Change of Control Severance Plan	Filed by reference to Exhibit L to our Form 10-K for the fiscal year ended December 31, 2003
10-K(1)	First Amendment to Change of Control Severance Plan	Filed by reference to Exhibit 99.1 to our Form 8-K filed on October 25, 2004
10-L	Agreement between Dana Corporation and B.N. Cole	Filed by reference to Exhibit 99.1 to our Form 8-K filed on December 17, 2004
10-M	Form of Award Certificate for Stock Options granted under the Amended and Restated Stock Incentive Plan	Filed by reference to Exhibit 99.1 to our Form 8-K filed on February 18, 2005
10-N	Form of Award Certificate for Restricted Stock granted under the 1999 Restricted Stock Plan	Filed by reference to Exhibit 99.2 to our Form 8-K filed on February 18, 2005
10-O	Award Certificate for Restricted Stock granted to B.N. Cole under the 1999 Restricted Stock Plan	Filed by reference to Exhibit 99.3 to our Form 8-K filed on February 18, 2005
10-P	Form of Award Certificate for Performance Stock Awards granted under the Amended and Restated Stock Incentive Plan	Filed by reference to Exhibit 99.4 to our Form 8-K filed on February 18, 2005
10-Q	Separation Agreement, General Release and Covenant Not to Sue between Dana Corporation and James Michael Laisure	Filed by reference to Exhibit 99.1 to our Form 8-K filed on June 20, 2005
10-R	Supplemental Executive Retirement Plan for Nick Stanage	Filed by reference to Exhibit 99.1 to our Form 8-K filed on January 9, 2006

No.	Description	Method of Filing
10-S	Annual Incentive Plan	Filed with this Report
10-T	Agreement dated March 6, 2006 between Dana Corporation and AP Services, LLC	Filed with this Report
10-U	Purchase Agreement between Dana Corporation and Banc of America Securities LLC and J.P. Morgan Securities Inc. as of December 7, 2004, relating to $450 of 5.85% Notes due January 15, 2015	Filed by reference to Exhibit 99.1 to our Form 8-K filed on December 10, 2004
10-V(1)	Sales and Purchase Agreement for the Acquisition of Fifty Percent (50%) of the Registered Capital of Dongfeng Axle Co., Ltd. among Dongfeng Motor Co., Ltd., Dongfeng (Shiyan) Industrial Company, Dongfeng Motor Corporation and Dana Mauritius Limited, dated March 10, 2005	Filed by reference to Exhibit 10-U(1) to our Form 10-Q/A for the quarter ended March 31, 2005
10-V(2)	Equity Joint Venture Contract between Dongfeng Motor Co., Ltd. and Dana Mauritius Limited, dated March 10, 2005	Filed by reference to Exhibit 10-U(2) to our Form 10-Q/A for the quarter ended March 31, 2005
10-W	Human Resources Management and Administration Master Services Agreement between Dana Corporation and International Business Machines Corporation, dated March 31, 2005	Filed by reference to Exhibit 10-V to our Form 10-Q/A for the quarter ended March 31, 2005
10-X	Senior Secured Superpriority Debtor-In- Possession Credit Agreement among Dana Corporation; Citicorp North America Inc.; Bank of America N.A.; and JPMorgan Chase Bank, N.A., as of March 3, 2006	Filed with this Report
10-X(1)	Amendment No. 1 to Senior Secured Superpriority Debtor-In-Possession Credit Agreement among Dana Corporation; Citicorp North America Inc.; Bank of America N.A.; and JPMorgan Chase Bank, N.A., as of March 30, 2006	Filed with this Report
10-X(2)	Amendment No. 2 to Senior Secured Superpriority Debtor-In-Possession Credit Agreement among Dana Corporation; Citicorp North America Inc.; Bank of America N.A.; and JPMorgan Chase Bank, N.A., as of April 12, 2006	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 10-S

DANA CORPORATION
ANNUAL INCENTIVE PLAN

1. OVERVIEW AND EFFECTIVE DATE

The Annual Incentive Plan (the "PLAN") of Dana Corporation (the "COMPANY") is intended to reward key members of the management of the Company and its consolidated subsidiaries for achieving specific performance goals over one-year periods commencing on each of January 1, 2006 and January 1, 2007. The Plan offers Participants (as defined below) the opportunity to receive a cash payment if the Company achieves certain financial objectives that are deemed critical to the restructuring of the Company, as determined by the Compensation Committee (the "COMMITTEE") of the Board of Directors (the "BOARD").

The Plan is effective as of March 1, 2006 (the "EFFECTIVE DATE"). The Plan was approved by the Committee and recommended to the Board on February 27, 2006. On February 28, 2006 (the "APPROVAL DATE"), the Board approved and authorized the Plan.

2. PLAN ADMINISTRATION

The Plan will be administered by the Committee. The Committee's powers and authority include, but are not limited to (1) selecting individuals who are eligible to participate as Critical Leaders and Key Leaders (both as defined herein), (2) determining award opportunities for Critical Leaders and Key Leaders, (3) establishing parameters for the selection of the Dana Leaders (as defined herein), (4) approving the aggregate amount available for awards for each Performance Period (as defined herein), (5) establishing the program elements for each Performance Period and Interim Performance Period (as defined herein), (6) interpreting the Plan's provisions, (7) determining achievement of the Performance Goals (as defined herein) and approving payments under the Plan, and (8) administering the Plan in a manner that is consistent with its purpose.

The Chief Executive Officer ("CEO") of the Company will have the powers and authority described in clauses (1) and (2) above with respect to the Dana Leaders, in addition to those powers delegated to him by the Committee and herein provided, in accordance with parameters established by the Committee.

The Committee may delegate certain administrative functions to management, such as maintenance of lists of all employees who are eligible to participate, periodic communication with regard to performance against targets over time, and other functions as determined by the Committee.

3. PERFORMANCE AND INTERIM PERFORMANCE PERIODS

Performance will be measured over each of the one-year periods from January 1, 2006 to December 31, 2006, and January 1, 2007 to December 31, 2007 (each a "PERFORMANCE PERIOD") and each of the six-month periods from January 1, 2006 to June 30, 2006, and from January 1, 2007 to June 30, 2007 (each an "INTERIM PERFORMANCE PERIOD").

4. ELIGIBILITY AND PARTICIPATION

"PARTICIPANTS" will be employees of the Company or its consolidated subsidiaries in one of the following three categories, selected based on their importance to the Company and the achievement of the Company's financial and restructuring goals. The Critical Leaders and Key Leaders will be recommended by the CEO and approved by the Committee. The Dana Leaders will be recommended by senior management and approved by the CEO in accordance with the parameters established by the Committee.

(a) "CRITICAL LEADERS" will be executives whose efforts will be critical to achieving the Company's restructuring and financial goals.

(b) "KEY LEADERS" will be executives with vital operational responsibilities for Dana's Product Groups or vital administrative responsibilities for performing the corporate functions that support the Company and the Product Groups.

(c) "DANA LEADERS" will be other individuals with essential operational responsibilities in the Product Groups or essential administrative responsibilities for performing corporate functions that support the Company and the Product Groups.

Participants may be added after the Effective Date as recommended by the CEO and approved by the Committee with respect to Critical Leaders and Key Leaders, and as recommended by senior management and approved by the CEO with respect to Dana Leaders in accordance with the parameters established by the Committee.

Participants with respect to each Performance Period will receive a personalized letter from the Company indicating their participation in the Plan and the Target Award Opportunity (as defined herein) for such Performance Period.

5. ESTABLISHING PROGRAM ELEMENTS FOR EACH PERFORMANCE AND INTERIM PERFORMANCE PERIOD

The Committee will establish the following elements of the program for each Performance and Interim Performance Period:

(a) Eligibility. The Committee will decide, based upon recommendations from the CEO, the employees of the Company and its consolidated subsidiaries who will be designated as Critical Leaders and Key Leaders for the Performance Period and the related Interim Performance Period. The Committee will also establish the parameters the CEO and senior management should use to identify the Dana Leaders who will participate for the Performance Period and related Interim Performance Period. The CEO will decide, based upon recommendations of senior management, the employees of the Company and its consolidated subsidiaries who will be designated as Dana Leaders.

(b) Objectives. The Board of Directors, upon the recommendation of the Committee, will set one or more financial performance goals to be achieved by the Company during the Performance Period and the related Interim Performance Period (collectively, with the Product Group financial performance goals, the "PERFORMANCE GOALS"), will establish the method of measuring the level of performance achieved for each such Performance Goal, and will establish "Threshold," "Target," and "Superior" levels of performance for the Performance Goals. In addition, the Board of Directors, upon the recommendation of the Committee, will set

one or more financial performance goals to be achieved by each of the Company's Product Groups during the Performance Period and the Interim Performance Period, for use in determining the payouts to be made to Key Leaders and Dana Leaders employed in that Product Group. The Performance Goals will be described in the minutes.

(c) Amount of Target Award Opportunities. The Committee or Chair with respect to Critical Leaders and Key Leaders, and the CEO with respect to Dana Leaders, will establish the potential incentive award each Participant may receive for the Performance Period (the "TARGET AWARD OPPORTUNITY") if the target level of performance for the Performance Goals is achieved during the Performance Period. In determining the amounts of the Target Award Opportunities, the Committee, Chair and CEO will consider (1) the level of payment that is necessary or appropriate to provide an economic incentive for each Participant to exert additional efforts on behalf of the Company, (2) the amount the Company is expected to be able to afford to pay as awards, given its debt service, cash flow and financial covenants, and (3) such other factors as the Committee deems to be desirable. The Target Award Opportunity that may be earned during the Performance Period will equal a percentage of the Participant's base salary as of the Effective Date and will be expressed as a dollar amount specified in advance. Changes in a Participant's base salary after the Effective Date will not affect the amount of his Target Award Opportunity for the Performance Period. The maximum award which may be paid to any participant for the Performance Period if the "Superior" level of performance is achieved with respect to the Performance Goal for the Performance Period will in no event exceed 200 percent of the Target Award Opportunity for the Participant.

6. AWARD DETERMINATIONS

At the end of each Performance Period and Interim Performance Period, the Committee will determine the level of performance achieved for the Performance Goals during such period. The levels of performance achieved will be compared to the Performance Goals for the period. The amount of the award paid to any Participant may be higher or lower than his Target Award Opportunity based on actual performance, and there is no guarantee that any payments will be made for any Performance Period.

(a) Below Threshold Level. If the level of performance achieved with respect to the Performance Goals is less than the "Threshold" level designated by the Committee, no awards will be paid to Participants.

(b) At or Above Threshold Level. If the level of performance achieved with respect to the Performance Goals is equal to (but does not exceed) the "Threshold" level established by the Committee, each Participant will be eligible to receive an award up to the amount of the minimum award which would have been earned at the "Threshold" level of performance for the Performance Period. If the level of performance achieved with respect to the Performance Goals exceeds the "Threshold" level but does not reach the "Target" level, the amount of the award that will be paid to each Participant will be proportionately increased from the "Threshold" level payment by interpolating between the "Threshold" level and the amount of the Target Award Opportunity which would have been earned at the "Target" level of performance.

(c) At or Above Target Level. If the level of performance achieved with respect to the Performance Goals is equal to (but does not exceed) the "Target" level established by the Committee, each Participant will be eligible to receive an award up to his Target Award Opportunity for the Performance Period. If the level of performance achieved with respect to the Performance Goals exceeds the "Target" level but does not reach the "Superior" level, the

amount of each Participant's award will be proportionately increased from the "Target" level payment by interpolating between the "Target" level and the amount of the maximum award which would have been earned at the "Superior" level of performance.

(d) At or Above Superior Level. If the level of performance achieved with respect to the Performance Goals is equal to or greater than the "Superior" level established by the Committee, each Participant will be eligible to receive an award up to the amount of the maximum award which would have been earned at the "Superior" level of performance.

The total amount of the award paid to a Participant for any Performance Period or Interim Performance Period under the Plan may not exceed the amount calculated as provided herein. If an Interim Payout is made as set forth in Section 8, the amount of the award paid for performance over the entire Performance Period will be reduced by the amount of the Interim Payout. However, in no event will a Participant be required to pay back any amounts received as an Interim Payout in the event the Interim Payout exceeds the amount of the award for the entire Performance Period.

7. MANAGEMENT BUSINESS OBJECTIVES

The Committee may identify and utilize individual metrics ("MANAGEMENT BUSINESS OBJECTIVES") to make discretionary adjustments to the awards payable to Critical Leaders and Key Leaders, and CEO will have the same powers and authority to make discretionary adjustments to awards payable to Dana Leaders, provided that the net aggregate effect of all discretionary adjustments to the total amount of compensation reflected in the budget for the Plan approved by the Board will be zero.

8. INTERIM PAYOUTS

At the end of each Interim Performance Period, each Participant will be eligible to receive an "INTERIM PAYOUT" equal to 50% of his Target Award Opportunity if the Performance Goals set by the Committee for such six-month period are achieved. The Interim Payouts, to the extent earned, will be paid out consistent with the terms of Section 6 above and in accordance with the provisions outlined hereafter.

9. FORM OF PAYOUT AND TIMING

To be eligible to receive a payout under the Plan, a Participant must be in active full-time employment of the Company or a consolidated subsidiary on the date of payment (the "PAYMENT DATE").

Interim Payouts earned in 2006 and 2007 will be paid on or before August 15, 2006 or 2007, respectively. Awards earned for performance in the 2006 and 2007 Performance Periods will be paid on or before March 15, 2007 and 2008, respectively.

All Interim Payouts and awards will be paid in cash and will be subject to all applicable tax withholding requirements.

10. TERMINATION OF EMPLOYMENT

Unless determined otherwise by the Committee, a Participant will forfeit all unpaid amounts earned hereunder if he is not in active full-time employment with the Company or a consolidated subsidiary on the Payment Date.

Notwithstanding the foregoing, in the event of a Participant's "Death" or "Disability" (as defined in the Dana Corporation Change in Control Severance Plan in effect on the Effective Date) or involuntary termination by the Company without "Cause" (as defined in the Dana Corporation Change in Control Severance Plan in effect on the Effective Date), accrued but unpaid amounts will be paid in accordance with the terms of payment applicable to other Participants in the Plan in active full-time employment with the Company, adjusted to reflect the portion of the Performance Period actually completed as of the date of the involuntary termination by the Company without Cause, Death or Disability. A Participant's beneficiary will be paid a pro-rata payment for the last period worked (interim or full year, as the case may be, but not thereafter). If the Participant is terminated after January 1, but before June 30, he may receive an Interim Payout, if applicable. If the Participant is terminated after July 1 but before December 31, he may receive an award, if applicable. The adjusted amount will be determined by (a) multiplying the Interim Payout or award applicable to such Participant (assuming continuous service through the end of the Interim Performance Period or full Performance Period, as the case may be) by a fraction, the numerator of which will equal the actual whole and partial months worked during such period and the denominator of which will equal 12, and (b) in the case of an award, subtracting the amount of any applicable Interim Payout. Payments hereunder will be made at the times set forth in Section 9 unless determined otherwise by the Committee.

11. PRO RATA PAYMENTS

An employee who is selected to participate in the Plan as a result of promotion or new hire may be assigned a Target Award Opportunity that reflects the portion of Performance Period he is anticipated to complete based on the date that he becomes a Participant. The Target Award Opportunity assigned to such a Participant will not be subject to additional pro-ration, except to the extent Section 10 applies. The Committee for the Critical Leaders and Key Leaders, and the CEO for the Dana Leaders, will have the discretion to include a new Participant in the Plan for the full year.

12. AMENDMENTS AND TERMINATION

The Company, by action of the Committee, shall have the right to amend or terminate the Plan as it deems necessary and appropriate.

13. OTHER

(a) No Individual Rights. Neither the Plan nor any action taken hereunder will be construed as giving any Participant any right to continue to be employed or to continue to provide services to the Company, any subsidiary, or any related entity. The right to terminate the employment of or performance of services by any Participant at any time and for any reason is specifically reserved to the Company and its subsidiaries, as applicable.

(b) Binding Arbitration. Any dispute or disagreement regarding participation and/or a Participant's rights to any payments under the Plan will be settled solely by binding arbitration in accordance with the applicable rules of the American Arbitration Association.

(c) Unfunded Plan. The Plan will be unfunded and will not create (or be construed to create) a trust or a separate fund or funds. To the extent any Participant holds any obligation of the Company hereunder by virtue of participation in this Plan, such obligation will constitute a general unsecured liability of the Company and accordingly will not confer upon such person any right, title, or interest in any assets of the Company.

(d) Governing Law. The terms of the Plan and all rights thereunder will be governed by and construed in accordance with the laws of the state of Ohio, without reference to principles of conflict of laws.

Exhibit 10-T

[APServices LLC Letterhead]

March 6, 2006

Mr. Michael L. DeBacker
Vice President
Dana Corporation
4500 Dorr Street
Toledo, OH 43697

Re: Chief Financial Officer Services

Dear Mike:

This letter, together with the attached Schedules and General Terms and Conditions, sets forth the agreement ("Agreement") between AP Services, LLC, a Michigan limited liability company ("APS"), and Dana Corporation (the "Company"), for the engagement of APS to provide a temporary employee to the Company to assist in its restructuring as described below. All defined terms shall have the meanings ascribed to them in this letter and in the attached Schedules and General Terms and Conditions.

Generally, the engagement of APS, including any APS employees who serve in Officer positions, shall be under the direct supervision of the Chief Executive Officer.

OBJECTIVE AND TASKS

APS will provide Kenneth A. Hiltz, or another comparable individual as mutually agreed upon by APS and the Company, to serve as the Company's Chief Financial Officer (the "CFO") reporting to and serving at the pleasure of the Company's Chief Executive Officer. Working collaboratively with the senior management team, the Board of Directors and other Company professionals, the CFO will perform the services and carry out the duties that a Chief Financial Officer of a similar company would perform or carry out and any other services or duties as may be requested from time to time by the Chief Executive Officer.

TIMING AND FEES

APS will commence this engagement immediately upon receipt of a copy of the executed Agreement.

APS shall be compensated for its services, and reimbursed for expenses, under this Agreement as set forth on Schedule 1.

MISCELLANEOUS

Upon execution of this Agreement the Company will promptly apply to the Bankruptcy Court to obtain approval of APS' retention nunc pro tunc to the date of the execution of this Agreement.

The terms and conditions set out in the attached Schedules and the General Terms and Conditions form part of this Agreement and are incorporated by reference herein.

If these terms meet with your approval, please sign and return the enclosed copy of this Agreement.

We look forward to working with you.

Sincerely yours,

AP SERVICES, LLC

/s/ K.A. Hiltz

- -------------------------------------

Kenneth A. Hiltz
Managing Director

Acknowledged and Agreed to:

DANA CORPORATION

By: /s/ Michael L. DeBacker

Its: Vice President, General Counsel
& Secretary
Dated: 3-7-06

SCHEDULE 1

FEES AND EXPENSES

1. FEES: APS will be compensated for the services of Ken Hiltz as Chief Financial Officer at a rate of $125,000 per month.

2. EXPENSES: In addition to the fees set forth herein, the Company shall pay directly or reimburse APS, upon receipt of periodic billings, for APS's actual costs incurred, for all reasonable out-of-pocket expenses incurred in connection with this assignment, such as travel, lodging, postage, telephone and facsimile charges.

SCHEDULE 2

DISCLOSURES

APS has caused to be submitted for review, by its conflicts check system, the names of significant parties in interest in this case. APS completed a search of its client database for a period including the past five years to determine whether it has had or has any relationships with the following entities:

a) The Company and its affiliates;

b) The Company's current directors and officers and certain of their most significant business affiliations, as provided to APS by the Company;

c) The Company's largest unsecured creditors, as identified in the lists filed with the Company's Chapter 11 petitions;

d) The Company's pre- and post-petition lenders; and,

e) Various other potential parties in interest, as identified by the Company.

Based on this search, APS represents to the Company that, to the best of its knowledge, APS knows of no fact or situation that would represent a conflict of interest for APS with regard to the Company. However, APS wishes to disclose the following:

[70 items disclosed]

This Schedule 2 may be updated by APS from time to time to disclose additional connections or relationships between APS and the interested parties.

AP SERVICES, LLC
GENERAL TERMS AND CONDITIONS

These General Terms and Conditions ("Terms") are incorporated into the letter agreement ("Agreement") between the Company and APS to which these Terms are attached.

SECTION 1. COMPANY RESPONSIBILITIES

The Company will undertake responsibilities as set forth below:

1. Provide reliable, accurate and detailed information, materials, documentation and

2. Make decisions and take future actions, as the Company determines in its sole discretion based on any recommendations made by APS in connection with the tasks or work product under this Agreement.

APS' delivery of the services and the fees charged are dependent on (i) the Company's timely and effective completion of its responsibilities; and (ii) timely decisions and approvals made by the Company's management. The Company shall be responsible for any delays, additional costs or other deficiencies caused solely as a result of the Company not completing its responsibilities.

SECTION 2. RETAINER AND PAYMENTS.

RETAINER. APS will submit monthly invoices for services rendered and expenses incurred and will offset such invoices against the Retainer. Payment will be due upon receipt of the invoices to replenish the Retainer. Any unearned portion of the Retainer will be returned to the Company at the termination of the engagement.

PAYMENTS. All payments to be made by the Company to APS shall be payable upon receipt of invoice via wire transfer to APS' bank account, as follows:

Receiving Bank: [Name] ____

[Number] ____

Receiving Account: [Name] ____

[Number] ____

SECTION 3. RELATIONSHIP OF THE PARTIES.

The parties intend that an independent contractor relationship will be created by the Agreement. As an independent contractor, APS will have complete and exclusive charge of the management and operation of its business, including hiring and paying the wages and other compensation of all its employees and agents, and paying all bills, expenses and other charges incurred or payable with respect to the operation of its business. Neither the CFO nor APS will be entitled to receive from the Company any vacation pay, sick leave, retirement, pension or social security benefits or any other employee benefits. APS will be responsible for all employment, withholding, income and other taxes incurred in connection with the operation and conduct of its business.

SECTION 4. CONFIDENTIALITY.

APS shall keep confidential all non-public, confidential or proprietary information obtained from the Company during the performance of its services hereunder (the "Information"), and neither APS nor the CFO will disclose any Information to any other person or entity. "Information" includes non-public, confidential and proprietary data, plans, reports, schedules, drawings, accounts, records, calculations, specifications, flow sheets, computer programs, source or object codes, results, models, any work product relating to the business of the Company, its subsidiaries, distributors, affiliates, vendors, customers, employees, contractors and consultants or any other non-public information or know-how provided to APS or the CFO The foregoing is not intended to prohibit, nor shall it be construed as prohibiting, APS or the CFO from disclosure pursuant to a valid subpoena or court order, but APS and the CFO shall not encourage, suggest, invite or request, or assist in securing, any such subpoena or court order; and the CFO shall promptly give notice of any such subpoena or court order by fax transmission to the Company. APS and the CFO may make reasonable disclosures of Information to third parties who need to know such Information in connection with the performance of APS' obligations and assignments hereunder; provided that such third parties are bound to retain the confidentiality under provisions similar to this Agreement. In addition, APS will have the right to disclose to others in the normal course of business its

involvement with the Company. In the event that APS or the CFO makes any unauthorized release of information, APS shall inform the Company immediately.

The Company acknowledges that all information (written or oral), including Work Product (as defined in Section 5), generated by APS and the CFO in connection with this engagement is intended solely for the benefit and use of the Company in connection with the transactions to which it relates. The Company agrees that no such information shall be used for any other purpose or reproduced, disseminated, quoted or referred to with attribution to APS at any time in any manner or for any purpose without APS' prior approval except as required by law.

SECTION 5. INTELLECTUAL PROPERTY.

All methodologies, processes, techniques, ideas, concepts, know-how, procedures, software, tools, writings and other intellectual property that APS has created, acquired or developed prior to the date of this Agreement are, and shall remain, the sole and exclusive property of APS, and the Company shall not acquire any interest therein. APS shall be free to use all methodologies, processes, techniques, ideas, concepts, know-how, procedures, software, tools, writings and other intellectual property that APS may create or develop in connection with this engagement, subject to its duty of confidentiality to the extent that the same contain information or materials furnished to APS by the Company that constitute Information referred to in Section 4 above. Except as provided above, all information, reports, materials, software and other work product that APS creates or develops specifically for the Company as part of this engagement (collectively known as "Work Product") shall be owned by the Company and shall constitute Information referred to in Section 4 above. APS may retain copies of the Work Product subject to its obligations under Section 4 above.

SECTION 6. FRAMEWORK OF THE ENGAGEMENT.

The Company acknowledges that it is retaining APS to provide the Temporary Staff solely to assist the Company and its Board of Directors in the management and restructuring of the Company. This engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting or consulting engagement that is subject to the rules of the AICPA, the SSCS or other such state and national professional bodies.

SECTION 7. INDEMNIFICATION AND OTHER MATTERS.

The Company shall indemnify, hold harmless and defend APS and APS' directors, officers, employees, the CFO and agents (the "Indemnified Parties") from and against all claims, liabilities, losses, expenses and damages (the "Claims") to the extent of the most favorable indemnities provided by the Company to any of its directors or officers, provided, however, (i) that the Company shall not be required to indemnify the Indemnified Parties for any Claims that arise from the gross negligence or willful misconduct of the Indemnified Parties that may be determined to rise to the level of gross negligence or willful misconduct and (ii) that to the extent any matter for which indemnification is called for hereunder arises while the Company is under the protection of the Bankruptcy Code indemnification of APS personnel who are not directors or officers of the Company shall be subject to the approval of the Board of Directors of the Company. The Company shall pay costs as incurred, including reasonable legal fees and disbursements of counsel and the costs of APS' professional time (APS' professional time will be reimbursed at APS' rates in effect when such future time is required), relating to or arising out of the engagement, including any legal proceeding in which APS or other indemnities may be required or agree to participate but in which they are not a party. APS and its directors, officers, employees, Temporary Staff shall engage a single firm of separate counsel of their choice in connection with any of the matters to which this indemnification agreement relates.

The Company agrees that it will use its best efforts to specifically include and cover, as a benefit for their protection, APS employees serving as officers of the Company with direct coverage as an insured under the Company's policy for directors' and officers' ("D&O") insurance. The Company further agrees that it will maintain such D&O insurance coverage for the period through which claims can be made against such APS employees. The Company disclaims a right to distribution from the D&O insurance coverage with respect to such persons. In the event that the Company is unable to include APS appointees under the Company's policy or does not have first dollar coverage, acceptable to APS, in effect for at least $10 million, it is agreed that APS may, at its option, attempt to purchase a separate D&O policy that will cover its employees and agents only and that the cost of same shall be invoiced to the Company as an out of pocket cash expense. If APS is unable to purchase such D&O insurance, then we reserve the right to terminate this agreement. In the event that other Temporary Staff become officers of the Company, such individuals will be entitled to the same benefit. The obligations of the parties as reflected herein shall survive the termination of the engagement.

APS is not responsible for any third-party products or services. The Company's sole and exclusive rights and remedies with respect to any third party products or services are against the third-party vendor and not against APS, whether or not APS is instrumental in procuring the third-party product or service.

APS shall not be liable to the Company except for actual damages resulting from bad faith, self-dealing or intentional misconduct.

SECTION 8. GOVERNING LAW.

The Agreement is governed by and shall be construed in accordance with the laws of the State of Ohio with respect to contracts made and to be performed entirely therein and without regard to choice of law or principles thereof.

Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration. Each party shall appoint one non-neutral arbitrator. The two party arbitrators shall select a third arbitrator. If within 30 days after their appointment the two party arbitrators do not select a third arbitrator, the third arbitrator shall be selected by the American Arbitration Association (AAA). The arbitration shall be conducted in Toledo, Ohio under the AAA's Commercial Arbitration Rules, and the arbitrators shall issue a reasoned award. The arbitrators may award costs and attorneys' fees to the prevailing party. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. However, in the event the Company is under the protection of the Bankruptcy Code, the arbitration provisions shall apply only to the extent that the Bankruptcy Court, or the U.S. District Court if the reference is withdrawn, does not retain jurisdiction over a controversy or claim.

SECTION 9. TERMINATION AND SURVIVAL.

The Agreement may be terminated at any time by written notice by one party to the other. APS shall not be entitled to any Contingent Success Fee if APS

terminates the Agreement or if the Company terminates the Agreement for Cause (as defined below); however, APS shall be entitled to a pro rata portion of the Contingent Success Fee for the amount of work that has be completed by, or is attributed to, APS up to the date of termination if the Company terminates the Agreement without Cause. Such payment obligation, if any, shall inure to the benefit of any successor or assignee of APS.

Cause shall mean:

(a) The CFO acting on behalf of the Company is convicted of a felony,

(b) It is determined in good faith by the Board of Directors of the Company that, after 30 days notice and opportunity to cure, either (i) the CFO is engaging in misconduct injurious to the Company, (ii) the CFO breaches any of his or her material obligations under this Agreement; (iii) the CFO willfully disobeys a lawful direction of the Board of Directors or senior management of the Company; or (iv) gross negligence or willful misconduct by the CFO relating to the Company or the obligations of APS and the CFO under the Agreement.

Sections 2, 4, 5, 7, 8, 9 and 10 of these Terms shall survive the expiration or termination of the Agreement.

SECTION 10. GENERAL.

Severability. If any portion of the Agreement shall be determined to be invalid or unenforceable, the remainder shall be valid and enforceable to the maximum extent possible.

Entire Agreement. These Terms, the letter agreement into which they are incorporated and the Schedule(s) and Exhibit to such letter agreement contain the entire understanding of the parties relating to the services to be rendered by APS and the Temporary Staff and may not be amended or modified in any respect except in a writing signed by the parties. APS is not responsible for performing any services not specifically described herein or in a subsequent writing signed by the parties. If there is a conflict between these Terms and the balance of the Agreement, these Terms shall govern.

AP SERVICES, LLC
GENERAL TERMS AND CONDITIONS

Notices. All notices required or permitted to be delivered under the Agreement shall be sent, if to APS, to:

AP Services, LLC
2000 Town Center, Suite 2400
Southfield, MI 48075
Attention: [Name] ____

And if to the Company, to the address set forth in the Agreement, to the attention of the Company's General Counsel, or to such other name or address as may be given in writing to the other party. All notices under the Agreement shall be sufficient if delivered by facsimile or overnight mail. Any notice shall be deemed to be given only upon actual receipt.

SECTION 11. DISCLOSURES.

APS is not aware of any fact or situation, other than those disclosed in Schedule 2, which would represent a conflict of interest for APS with regard to the Company. However, APS has not completed a thorough check of the parties in interest with regard to the Company. Upon receiving additional information from the Company with respect to the parties in interest, APS will promptly complete a search of its relationships and will notify the Company of any connections APS may have with such parties in interest. While APS is not aware of any relationships, other than those disclosed in Schedule 2, that connect APS to any party in interest, because APS is a consulting firm that serves clients on a international basis in numerous cases, it is possible that APS may have rendered services to or have business associations with other entities which had or have relationships with the Company. APS has not and will not represent the interests of any of the entities disclosed on Schedule 2 in this case.

EXHIBIT 10-X
EXECUTION COPY

$1,450,000,000

SENIOR SECURED SUPERPRIORITY
DEBTOR-IN-POSSESSION CREDIT AGREEMENT

Dated as of March 3, 2006

Among

DANA CORPORATION,
as Debtor and Debtor-in-Possession
as Borrower

and

THE GUARANTORS PARTY HERETO,
as Debtors and Debtors in Possession under Chapter 11 of the Bankruptcy Code

and

CITICORP NORTH AMERICA, INC.
as Administrative Agent

and

BANK OF AMERICA, N.A.

and

JPMORGAN CHASE BANK, N.A.
as Co-Syndication Agents

and

CITICORP NORTH AMERICA, INC.
as Initial Swing Line Lender

and

BANK OF AMERICA, N.A.,
CITICORP NORTH AMERICA, INC.

and

JPMORGAN CHASE BANK, N.A.
as Initial Issuing Banks

THE INITIAL LENDERS AND THE OTHER LENDERS PARTY HERETO

CITIGROUP GLOBAL MARKETS INC., J.P. MORGAN SECURITIES INC.

and

BANC OF AMERICA SECURITIES LLC
as Joint Lead Arrangers and Joint Bookrunners

TABLE OF CONTENTS

PAGE

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01 Certain Defined Terms 2
Section 1.02 Computation of Time Periods 27
Section 1.03 Accounting Terms 27

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES
AND THE LETTERS OF CREDIT

Section 2.01 The Advances 27
Section 2.02 Making the Advances 28
Section 2.03 Issuance of and Drawings and Reimbursement Under Letters of Credit 30
Section 2.04 Repayment of Advances 35
Section 2.05 Termination or Reduction of Commitments 36
Section 2.06 Prepayments 36
Section 2.07 Interest 38
Section 2.08 Fees 38
Section 2.09 Conversion of Advances 39
Section 2.10 Increased Costs, Etc 40
Section 2.11 Payments and Computations 41
Section 2.12 Taxes 42
Section 2.13 Sharing of Payments, Etc 44
Section 2.14 Use of Proceeds 45
Section 2.15 Defaulting Lenders 45
Section 2.16 Evidence of Debt 47
Section 2.17 Priority and Liens 48
Section 2.18 Payment of Obligations 48
Section 2.19 No Discharge: Survival of Claims 48

ARTICLE III

CONDITIONS TO EFFECTIVENESS

Section 3.01 Conditions Precedent to Effectiveness 49
Section 3.02 Conditions Precedent to Each Borrowing and Each Issuance of a Letter of Credit 51
Section 3.03 Conditions Precedent to the Term Borrowing 52
Section 3.04 Determinations Under Sections 3.01 and 3.03 53

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties of the Loan Parties 53

ARTICLE V

COVENANTS OF THE LOAN PARTIES

Section 5.01 Affirmative Covenants 56
Section 5.02 Negative Covenants 60
Section 5.03 Reporting Requirements 64
Section 5.04 Financial Covenants 67

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 Events of Default 68
Section 6.02 Actions in Respect of the Letters of Credit upon Default ... 71

ARTICLE VII

THE AGENTS

Section 7.01 Appointment and Authorization of the Agents 72
Section 7.02 Delegation of Duties 72
Section 7.03 Liability of Agents 72
Section 7.04 Reliance by Agents 73
Section 7.05 Notice of Default 73
Section 7.06 Credit Decision; Disclosure of Information by Agents 73
Section 7.07 Indemnification of Agents 74
Section 7.08 Agents in Their Individual Capacity 74
Section 7.09 Successor Agent 74
Section 7.10 Administrative Agent May File Proofs of Claim 75
Section 7.11 Collateral and Guaranty Matters 75
Section 7.12 Other Agents; Arrangers and Managers 76

ARTICLE VIII

SUBSIDIARY GUARANTY

Section 8.01 Subsidiary Guaranty 76
Section 8.02 Guaranty Absolute 77
Section 8.03 Waivers and Acknowledgments 78
Section 8.04 Subrogation 78
Section 8.05 Additional Guarantors 79
Section 8.06 Continuing Guarantee; Assignments 79
Section 8.07 No Reliance 79

ARTICLE IX

SECURITY

Section 9.01 Grant of Security 79
Section 9.02 Further Assurances 83

Section 9.03 Rights of Lender; Limitations on Lenders' Obligations 84
Section 9.04 Covenants of the Loan Parties with Respect to Collateral ... 85
Section 9.05 Performance by Agent of the Loan Parties' Obligations 88
Section 9.06 The Administrative Agent's Duties 89
Section 9.07 Remedies 89
Section 9.08 Modifications 91
Section 9.09 Release; Termination 92

ARTICLE X

MISCELLANEOUS

Section 10.01 Amendments, Etc 92
Section 10.02 Notices, Etc 94
Section 10.03 No Waiver; Remedies 95
Section 10.04 Costs, Fees and Expenses 95
Section 10.05 Right of Set-off 97
Section 10.06 Binding Effect 97
Section 10.07 Successors and Assigns 97
Section 10.08 Execution in Counterparts 100
Section 10.09 Confidentiality; Press Releases and Related Matters 100
Section 10.10 Patriot Act Notice 101
Section 10.11 Jurisdiction, Etc 101
Section 10.12 Governing Law 101
Section 10.13 Waiver of Jury Trial 103

SCHEDULES

Schedule I	- Commitments and Applicable Lending Offices
Schedule II	- Intellectual Property
Schedule III	- Material IP Agreements
Schedule IV	- Initial Pledged Equity
Schedule V	- Initial Pledged Debt
Schedule 1.01(a)	- Material Guarantors
Schedule 1.01(b)	- Material Intellectual Property
Schedule 4.01	- Equity Investments; Subsidiaries
Schedule 4.01(i)	- Disclosures
Schedule 4.01(m)	- Environmental Matters
Schedule 5.01(n)(iii)	- Post-Closing Matters
Schedule 5.01(p)	- Sale and Lease Backs

EXHIBITS

Exhibit A-1	- Form of Term Note
Exhibit A-2	- Form of Revolving Credit Note
Exhibit B	- Form of Notice of Borrowing
Exhibit C	- Form of Assignment and Acceptance
Exhibit D-1	- Form of Opinion of Jones Day
Exhibit D-2	- Form of Opinion of Hunton & Williams LLP
Exhibit D-3	- Form of Opinion of Shumaker, Loop & Kendrick, LLP
Exhibit E	- Interim Order
Exhibit F	- Final Order
Exhibit G	- Form of IP Security Agreement Supplement
Exhibit H	- Form of Guaranty Supplement

SENIOR SECURED SUPERPRIORITY
DEBTOR-IN-POSSESSION CREDIT AGREEMENT

SENIOR SECURED SUPERPRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT (this "Agreement") dated as of March 3, 2006 among DANA CORPORATION, a Virginia corporation and a debtor and debtor-in-possession in a case pending under chapter 11 of the Bankruptcy Code (as hereinafter defined) (the "Borrower"), and each of the direct and indirect subsidiaries of the Borrower signatory hereto (each, a "Guarantor", and, collectively, together with any person that becomes a Guarantor hereunder pursuant to Section 8.05, the "Guarantors"), each of which is a debtor and debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code, the Initial Lenders (as hereinafter defined) and the other banks, financial institutions and other institutional lenders party hereto (each, a "Lender", and collectively with the Initial Lenders and any other person that becomes a Lender hereunder pursuant to Section 10.07, the "Lenders"), BANK OF AMERICA, N.A. ("BofA"), CITICORP NORTH AMERICA, INC. ("CNAI") and JPMORGAN CHASE BANK, N.A. ("JPM"), as the initial Issuing Banks (in such capacity, the "Initial Issuing Banks"), CNAI, as the initial Swing Line Lender (in such capacity, the "Initial Swing Line Lender"), CNAI, as administrative agent (or any successor appointed pursuant to Article VII, the "Administrative Agent") for the Lender Parties and the other Secured Parties (each as hereinafter defined), JPMORGAN CHASE BANK, N.A. and BANK OF AMERICA, N.A., as co-syndication agents (the "Syndication Agents") and CITIGROUP GLOBAL MARKETS INC., J.P. MORGAN SECURITIES INC. and BANC OF AMERICA SECURITIES LLC, as Joint Lead Arrangers and Joint Bookrunners (the "Lead Arrangers").

PRELIMINARY STATEMENTS

(1) On March 3, 2006 (the "Petition Date"), the Borrower and the Guarantors filed voluntary petitions in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") for relief, and commenced proceedings (the "Cases") under Chapter 11 of the U.S. Bankruptcy Code (11 U.S.C. Sections 101 et seq.; the "Bankruptcy Code") and have continued in the possession of their assets and in the management of their businesses pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

(2) The Borrower has requested that the Agents (as hereafter defined) and the Lender Parties (as hereinafter defined) enter into term, revolving credit, swing line and letter of credit facilities (collectively, the "Facilities") in an aggregate principal amount not to exceed $1,450,000,000.

(3) To provide guarantees and security for the repayment of the advances under the Facilities, the reimbursement of any drawing under a letter of credit and the payment of the other obligations of the Borrower hereunder and under the other Loan Documents (as hereinafter defined), the Borrower and the Guarantors, as the case may be, will provide to the Administrative Agent and the Lender Parties (a) a guaranty from each of the Guarantors of the due and punctual payment of the obligations of the Borrower hereunder, and (b) the claims and liens described in Section 2.17 of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account Collateral" has the meaning specified in Section 9.01(f).

"Accounts" has the meaning set forth in the UCC.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (i) the acquisition of all or substantially all of the assets of any Person, or any business or division of any Person, (ii) the acquisition or ownership of in excess of 50% of the Equity Interests in any Person, or (iii) the acquisition of another Person by a merger, consolidation, amalgamation or any other combination with such Person.

"Administrative Agent" has the meaning specified in the recital of parties to this Agreement.

"Administrative Agent's Account" means the account of the Administrative Agent maintained by the Administrative Agent with Citibank, N.A. and identified to the Borrower and the Lender Parties from time to time.

"Advance" means a Term Advance, a Revolving Credit Advance, a Swing Line Advance or a Letter of Credit Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"After-Acquired Intellectual Property" has the meaning specified in Section 9.04(e)(v).

"Agent-Related Persons" means, the Agents, together with their respective Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Agents and Affiliates.

"Agents" means the Administrative Agent, the Syndication Agent and the Lead Arrangers.

"Agreement Value" means, for each Hedge Agreement, on any date of determination, an amount equal to: (a) in the case of a Hedge Agreement documented pursuant to the Master Agreement (Multicurrency-Cross Border) published by the International Swap and Derivatives Association, Inc. (the "Master Agreement"), the amount, if any, that would be payable by any Loan Party or any of its Subsidiaries to its counterparty to such Hedge Agreement, as if (i) such Hedge Agreement was being terminated early on such date of determination, (ii) such Loan Party or Subsidiary was the sole "Affected Party," and (iii) the Administrative Agent was the sole party determining such payment amount (with the Administrative Agent making such determination

pursuant to the provisions of the form of Master Agreement); (b) in the case of a Hedge Agreement traded on an exchange, the mark-to-market value of such Hedge Agreement, which will be the unrealized loss or gain on such Hedge Agreement to the Loan Party or Subsidiary of a Loan Party to such Hedge Agreement based on the settlement price of such Hedge Agreement on such date of determination; or (c) in all other cases, the mark-to-market value of such Hedge Agreement, which will be the unrealized loss or gain on such Hedge Agreement to the Loan Party or Subsidiary of a Loan Party to such Hedge Agreement determined as the amount, if any, by which (i) the present value of the future cash flows to be paid by such Loan Party or Subsidiary exceeds (ii) the present value of the future cash flows to be received by such Loan Party or Subsidiary pursuant to such Hedge Agreement; capitalized terms used and not otherwise defined in this definition shall have the respective meanings set forth in the above described Master Agreement

"Applicable Lending Office" means, with respect to each Lender Party, such Lender Party's Domestic Lending Office in the case of a Base Rate Advance and such Lender Party's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Applicable Margin" means (a) in respect of the Term Facility, 3.25% per annum, in the case of Eurodollar Rate Advances, and 2.25% per annum, in the case of Base Rate Advances, (b) in respect of the Swing Line Facility, as set forth in clause (c) below for Base Rate Advances, and (c) in respect of the Revolving Credit Facility, 2.25% per annum, in the case of Eurodollar Rate Advances, and 1.25% per annum, in the case of Base Rate Advances.

"Appropriate Lender" means, at any time, with respect to (a) the Term Facility or the Revolving Credit Facility, a Lender that has a Commitment or Advances outstanding, in each case with respect to or under such Facility at such time, (b) the Letter of Credit Sublimit, (i) any Issuing Bank and (ii) if the Revolving Credit Lenders have made Letter of Credit Advances pursuant to Section 2.03(c) that are outstanding at such time, each such Revolving Credit Lender and (c) the Swing Line Facility, (i) the Swing Line Lender and (ii) if the Revolving Credit Lenders have made Swing Line Advances pursuant to Section 2.02(b) that are outstanding at such time, each Revolving Credit Lender.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender Party and an Eligible Assignee, and accepted by the Administrative Agent, in accordance with Section 10.07 and in substantially the form of Exhibit C hereto.

"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

"Availability" means at any time the excess of (a) the Revolving Credit Availability Amount at such time over (b) the sum of (i) the Revolving Credit Advances, Swing Line Advances and Letter of Credit Advances outstanding at such time plus (ii) the aggregate Available Amount of all Letters of Credit outstanding at such time.

"Bankruptcy Code" has the meaning specified in the Preliminary Statements.

"Bankruptcy Court" has the meaning specified in the Preliminary Statements and means the United States District Court for the Southern District of New York when such court is exercising direct jurisdiction over the Cases.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by Citibank, N.A. in New York, New York, from time to time, as Citibank N.A.'s base rate; and

(b) 1/2 of 1% per annum above the Federal Funds Rate.

"Borrower" has the meaning specified in the recital of parties to this Agreement.

"Borrower's Account" means the account of the Borrower maintained by the Borrower and specified in writing to the Administrative Agent from time to time.

"Borrowing" means a borrowing consisting of simultaneous Advances of the same Type made by the Appropriate Lenders.

"Borrowing Base" means (a) the sum of the Loan Values less (b) Reserves.

"Borrowing Base Amendment" means an amendment to this Agreement reasonably satisfactory to the Initial Lenders to be executed and delivered prior to entry of the Final Order pursuant to which aggregate availability under the Revolving Credit Facility will not be permitted to exceed the Borrowing Base.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"Budget Variance Report" means a report calculated in accordance with the most recent Thirteen Week Forecast, in each case certified by a Responsible Officer of the Borrower, in form and substance reasonably satisfactory to the Initial Lenders, to be delivered concurrently with each Thirteen Week Forecast showing cash usage and borrowing variance for the period since the delivery of the last Thirteen Week Forecast.

"Canadian Revolving Facility" means the senior secured revolving credit facility in an aggregate principal amount up to $100,000,000 entered into by Dana Canada Holding Company and its Subsidiaries on or prior to the date of the entry of the Final Order, on terms reasonably acceptable to the Initial Lenders.

"Capital Expenditures" means, for any Person for any period, the sum (without duplication) of all expenditures made, directly or indirectly, by such Person or any of its Subsidiaries during such period for equipment, fixed assets, real property or improvements, or for replacements or substitutions therefor or additions thereto, that have been or should be, in accordance with GAAP, reflected as additions to property, plant or equipment on a Consolidated balance sheet of such Person. For purposes of this definition, the purchase price of equipment that is purchased simultaneously with the trade in of existing equipment or with insurance proceeds shall be included in Capital Expenditures only to the extent of the gross amount of such

purchase price less the credit granted by the seller of such equipment for the equipment being traded in at such time or the amount of such proceeds, as the case may be.

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"Carve-Out" means (i) all fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under Section 1930(a) of title 28 of the United States Code and (ii) an amount not exceeding $20,000,000 in the aggregate, which amount may be used after the occurrence and during the continuance of an Event of Default, to pay fees or expenses incurred by the Borrower and any Committee in respect of (A) allowances of compensation for services rendered or reimbursement or expenses awarded by the Bankruptcy Court to the Borrower's or any Committee's professionals, any chapter 11 or chapter 7 trustees or examiners appointed in these cases and (B) the reimbursement of expenses incurred by Committee members in the performance of their duties that are allowed by the Bankruptcy Court; provided, however, that the Borrower and each Guarantor shall be permitted to pay compensation and reimbursement of expenses allowed and payable under Sections 330 and 331 of the Bankruptcy Code, such dollar limitation on fees and disbursements shall not be reduced by the amount of any compensation and reimbursement of expenses paid or incurred (to the extent ultimately allowed by the Bankruptcy Court) prior to the occurrence of an Event of Default in respect of which the Carve-Out is invoked or any fees, expenses, indemnities or other amounts paid to the Administration Agent or the Lenders and their respective attorneys and agents under this Agreement or otherwise; and provided further that nothing herein shall be construed to impair the ability of any party to object to any of the fees, expenses, reimbursement or compensation described in clauses (A) and (B) above.

"Cases" has the meaning specified in the Preliminary Statements.

"Cash Equivalents" means any of the following, to the extent owned by any Loan Party free and clear of all Liens other than Liens created under the Collateral Documents or claims or Liens permitted pursuant to this Agreement and having a maturity of not greater than 12 months from the date of issuance thereof: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) certificates of deposit of or time deposits with any commercial bank that is a Lender Party or a member of the Federal Reserve System that issues (or the parent of which issues) commercial paper rated as described in clause (c), is organized under the laws of the United States or any state thereof and has combined capital and surplus of at least $500,000,000, (c) commercial paper in an aggregate amount of no more than $10,000,000 per issuer outstanding at any time, issued by any corporation organized under the laws of any state of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's or "A-1" (or the then equivalent grade) by S&P or (d) Investments, classified in accordance with GAAP, as current assets of the Borrower or any of its Subsidiaries, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by financial institutions that have the highest rating obtainable from either Moody's or S&P and which are approved by the Bankruptcy Court, or (e) offshore overnight interest bearing deposits in foreign branches of Citibank, N.A., JP Morgan Chase Bank, N.A. or Bank of America, N.A.

"Cash Flow" means for any period, (a) EBITDAR for such period less (b) the sum of (i) Professional Fees accrued in connection with the Cases during such period and (ii) Capital Expenditures made during such period.

"Cash Management Obligations" means all Obligations of any Loan Party owing to a Lender Party (or a banking Affiliate of a Lender Party) in respect of any overdrafts and related liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house transfers of funds.

"Change of Control" means and shall be deemed to have occurred upon the occurrence of any of the following events: (i) any Person or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, and regulations promulgated thereunder) shall have acquired beneficial ownership of more than 40% of the outstanding Equity Interests in the Borrower and (ii) after the Effective Date, the occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (A) nominated by the board of directors of the Borrower nor (B) appointed by the directors so nominated.

"CNAI" has the meaning specified in the recital of parties to this Agreement.

"Collateral" means all "Collateral" referred to in the Collateral Documents and all other property that is or is intended to be subject to any Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"Collateral Documents" means, collectively, the provisions of Article IX of this Agreement, the Intellectual Property Security Agreement and any other agreement that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"Commitment" means a Term Commitment, a Revolving Credit Commitment, a Swing Line Commitment or a Letter of Credit Commitment.

"Committee" means any statutory committee appointed in the Cases.

"Company" means, collectively, the Borrower and its Subsidiaries.

"Computer Software" has the meaning specified in Section 9.01(g)(iv).

"Confidential Information" means any and all material non-public information delivered or made available by any Loan Party or any Subsidiary relating to any Loan Party or any Subsidiary or their respective businesses, other than any such information that is or has been made available publicly by a Loan Party or any Subsidiary.

"Confidential Information Memorandum" means the confidential information memorandum that will be used by the Lead Arrangers in connection with the syndication of the Commitments.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP which, for purposes of this Agreement, shall result in the treatment of DCC and its Subsidiaries on an equity basis.

"Conversion", "Convert" and "Converted" each refers to the conversion of Advances from one Type to Advances of the other Type.

"Copyrights" has the meaning specified in Section 9.01(g)(iii).

"Credit Card Program" means the (i) Citibank Business Card Purchasing Card Agreement, dated August 31, 1994, between Citibank (South Dakota), N.A. and Dana Corporation, (ii) Citibank Purchasing Card Agreement, dated January 18, 2005, between Citibank International plc and Dana Corporation, and (iii) Citibank Corporate Card Agreement, dated January 24, 2005, between Citibank International plc and Dana Corporation, each as amended, restated, or otherwise modified from time to time, or any replacement of any of the foregoing for the same or substantially similar purposes.

"DCC" means Dana Credit Corporation, a Delaware corporation.

"DCC Entity" means DCC or any of its Subsidiaries.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all indebtedness of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under Capitalized Leases, (f) all obligations of such Person under acceptance, letter of credit or similar facilities, (g) all mandatory obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in cash in respect of any Equity Interests in such Person or any other Person or any warrants, rights or options to acquire such Equity Interests, valued, in the case of Redeemable Preferred Interests, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (h) all obligations of such Person in respect of Hedge Agreements, valued at the Agreement Value thereof, (i) all Guarantee Obligations and Synthetic Debt of such Person and (j) all indebtedness and other payment Obligations referred to in clauses (a) through (i) above of another Person secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness or other payment Obligations.

"Debtor Relief Laws" means the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Defaulted Advance" means, with respect to any Lender at any time, the portion of any Advance required to be made by such Lender to the Borrower pursuant to Section 2.01 or 2.02 at or prior to such time which has not been made by such Lender or by the Administrative Agent for the account of such Lender pursuant to Section 2.02(e) as of such time. In the event that a portion of a Defaulted Advance shall be deemed made pursuant to Section 2.15(a), the remaining portion of such Defaulted Advance shall be considered a Defaulted Advance originally required to be made pursuant to Section 2.01 on the same date as the Defaulted Advance so deemed made in part.

"Defaulted Amount" means, with respect to any Lender Party at any time, any amount required to be paid by such Lender Party to the Administrative Agent or any other Lender Party hereunder or under any other Loan Document at or prior to such time which has not been so paid as of such time, including, without limitation, any amount required to be paid by such Lender Party to (a) the Swing Line Lender pursuant to Section 2.02(b) to purchase a portion of the Swing Line Advance made by the Swing Line Lender, (b) any Issuing Bank pursuant to Section 2.03(d) to purchase a portion of a Letter of Credit Advance made by such Issuing Bank, (c) the Administrative Agent pursuant to Section 2.02(e) to reimburse the Administrative Agent for the amount of any Advance made by the Administrative Agent for the account of such Lender Party, (d) any other Lender Party pursuant to Section 2.13 to purchase any participation in Advances owing to such other Lender Party and (e) the Administrative Agent or any Issuing Bank pursuant to Section 7.07 to reimburse the Administrative Agent or such Issuing Bank for such Lender Party's ratable share of any amount required to be paid by the Lender Parties to the Administrative Agent or such Issuing Bank as provided therein. In the event that a portion of a Defaulted Amount shall be deemed paid pursuant to Section 2.15(b), the remaining portion of such Defaulted Amount shall be considered a Defaulted Amount originally required to be paid hereunder or under any other Loan Document on the same date as the Defaulted Amount so deemed paid in part.

"Defaulting Lender" means, at any time, any Lender Party that, at such time, (a) owes a Defaulted Advance or a Defaulted Amount or (b) shall take any action or be the subject of any action or proceeding under any Debtor Relief Law.

"DIP Budget" means a forecast heretofore delivered to the Initial Lenders, as supplemented as provided in Section 5.03(g), detailing the Borrower's anticipated income statement, balance sheet and cash flow statement, each on a Consolidated basis for the Borrower and its Subsidiaries, together with a written set of assumptions supporting such statements, for 2006 and 2007 and setting forth the anticipated uses of the Commitments on a monthly basis.

"DIP Financing Orders" means the Interim Order and the Final Order.

"Domestic Lending Office" means, with respect to any Lender Party, the office of such Lender Party specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender Party, as the case may be, or such other office of such Lender Party as such Lender Party may from time to time specify to the Borrower and the Administrative Agent.

"EBITDAR" means, for any period, without duplication (a) the sum, determined on a Consolidated basis, of (i) net income (or net loss), (ii) interest expense and facility fees, unused commitment fees, letter of credit fees and similar fees, (iii) income tax expense, (iv) depreciation expense, (v) amortization expense, (vi) non-recurring, transactional or unusual losses deducted in calculating net income less non-recurring, transactional or unusual gains added in calculating net income, (vii) in each case without duplication, cash Restructuring Charges to the extent deducted in computing net income for such period and settled or to be settled in cash during such period in an aggregate amount not to exceed $75,000,000 in any twelve-month period, in each case of the Borrower and its Subsidiaries, determined in accordance with GAAP for such period, (viii) non-cash Restructuring Charges and related non-cash losses or other non-cash charges resulting from the writedown in the valuation of any assets in each case of the Borrower and its Subsidiaries, determined in accordance with GAAP for such period, (ix) without duplication, net losses from discontinued operations, (x) Professional Fees and (xi) minority interest expense, minus (b) (i) net income from discontinued operations, (ii) equity earnings of Affiliates and (iii) interest income.

"Effective Date" means the date on which this Agreement shall become effective pursuant to Section 3.01.

"Eligible Assignee" means with respect to any Facility (other than the Letter of Credit Facility), (i) a Lender Party; (ii) an Affiliate of a Lender Party; (iii) an Approved Fund; and (iv) any other Person (other than an individual) approved by (x) the Administrative Agent, (y) in the case of an assignment of a Revolving Credit Commitment, each Issuing Bank and (z) solely in the case of the Revolving Credit Facility, unless an Event of Default has occurred and is continuing, and except in the case of an assignment by an Initial Lender during the primary syndication of the Revolving Credit Facility, the Borrower (each such approval not to be unreasonably withheld or delayed); provided, however, that neither any Loan Party nor any Affiliate of a Loan Party shall qualify as an Eligible Assignee under this definition.

"Eligible Inventory" shall have the meaning ascribed to such term in the Borrowing Base Amendment.

"Eligible Receivables" shall have the meaning ascribed to such term in the Borrowing Base Amendment.

"Environmental Action" means any action, suit, written demand, demand letter, written claim, written notice of noncompliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, any Environmental Permit, any Hazardous Material, or arising from alleged injury or threat to public or employee health or safety, as such relates to exposure to Hazardous Material, or to the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any applicable federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction or decree, or judicial or agency interpretation, relating to pollution or protection of the environment, public or employee health or safety, as such relates to exposure to Hazardous Material, or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"Equipment" has the meaning specified in the UCC.

"Equity Interests" means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the controlled group of any Loan Party (other than a DCC Entity), or under common control with any Loan Party (other than a DCC Entity), within the meaning of Section 414(b), (c), (m) or (o) of the Internal Revenue Code.

"ERISA Event" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any ERISA Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of an ERISA Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such ERISA Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to an ERISA Plan; (c) the provision by the administrator of any ERISA Plan of a notice of intent to terminate such ERISA Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Loan Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Loan Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any ERISA Plan; (g) the adoption of an amendment to an ERISA Plan requiring the provision of security to such ERISA Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate an ERISA Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, such ERISA Plan.

"ERISA Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Eurodollar Lending Office" means, with respect to any Lender Party, the office of such Lender Party specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender Party, as the case may be, or such other office of such Lender Party as such Lender Party may from time to time specify to the Borrower and the Administrative Agent.

"Eurodollar Rate" means, for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a period equal to such Interest Period (provided that, if for any reason such rate is not available, the term "Eurodollar Rate" shall mean, for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period); provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates) by

(b) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period.

"Eurodollar Rate Advance" means an Advance that bears interest as provided in Section 2.07(a)(ii).

"Eurodollar Rate Reserve Percentage" for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Excluded Property" means property constituting withholdings required under any law (including but not limited to federal, state and local income, payroll and trust fund taxes and insurance payments of any nature, whether imposed on the employer or employee or otherwise) from any amounts due to any employee of a Loan Party, and any withholdings from an employee considered a "plan asset" under Title I of ERISA.

"Existing Credit Agreement" means the Five-Year Credit Agreement, dated as March 4, 2005, among the Borrower, Citicorp USA, Inc., as administrative agent and the other lenders signatory thereto from time to time, as amended, modified or supplemented prior to the date hereof.

"Existing Receivables Facility" means the sale and securitization of certain Accounts of the Borrower and certain of its Subsidiaries pursuant to the (a) Amended and Restated Purchase and Contribution Agreement, dated as of April 15, 2005, between Dana Corporation and Dana Asset Funding LLC, and (b) Amended and Restated Purchase and Contribution Agreement, dated as April 15, 2005, among Dana Asset Funding LLC, Dana Corporation, as collection agent, Falcon Asset Securitization Corporation and Blue Ridge Asset Funding Corp., as conduit purchasers, Wachovia Bank, N.A., as a committed purchaser, Blue Ridge Agent and JPMorgan Chase Bank, N.A., each as a committed purchaser and as agents in the capacities set forth therein, each agreement as amended, restated, or otherwise modified from time to time.

"Facility" means the Term Facility, the Revolving Credit Facility, the Swing Line Facility or the Letter of Credit Sublimit.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" means the fee letter dated March 2, 2006 among the Borrower, the Initial Lenders and the Lead Arrangers, as amended.

"Final Order" has the meaning specified in Section 3.02(i)(C).

"First Day Orders" means all orders entered by the Bankruptcy Court on the Petition Date or within five Business Days of the Petition Date or based on motions filed on the Petition Date.

"Fiscal Year" means a fiscal year of the Borrower and its Subsidiaries ending on December 31.

"Foreign Subsidiary" means, at any time, any of the direct or indirect Subsidiaries of the Borrower that are organized outside of the laws of the United States, any state thereof or the District of Columbia at such time.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"GAAP" has the meaning specified in Section 1.03.

"General Intangibles" has the meaning specified in the UCC.

"Granting Lender" has the meaning specified in Section 10.07(k).

"Guarantee Obligation" means, with respect to any Person, any Obligation or arrangement of such Person to guarantee or intended to guarantee any Debt ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guarantee, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the primary obligation of a primary obligor, (b) the Obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement or (c) any Obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof. The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Guarantee Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

"Guaranteed Obligations" has the meaning specified in Section 8.01.

"Guarantor" has the meaning specified in the recital of parties to this Agreement, but shall exclude the Non-Filing Domestic Subsidiaries.

"Guaranty" has the meaning specified in Section 8.01.

"Hazardous Materials" means (a) petroleum or petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, mold and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous, toxic or words of similar import under any Environmental Law.

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other hedging agreements.

"Hedge Bank" means any Lender Party or an Affiliate of a Lender Party in its capacity as a party to a Secured Hedge Agreement.

"Honor Date" has the meaning specified in Section 2.03(c).

"Indemnified Liabilities" has the meaning specified in Section 10.04(b).

"Indemnitees" has the meaning specified in Section 10.04(b).

"Initial Extension of Credit" means the earlier to occur of the initial Borrowing and the initial issuance of a Letter of Credit hereunder.

"Initial Issuing Banks" has the meaning specified in the recital of parties to this Agreement.

"Initial Lenders" means the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Initial Lenders; provided that any such bank, financial institution or other institutional lender shall cease to be an Initial Lender on any date on which it ceases to have a Commitment.

"Initial Pledged Debt" means Debt in existence on the Petition Date which is evidenced by a promissory note payable to a Loan Party by a third party with a principal face amount in excess of $2,500,000 as listed opposite such Loan Party's name on and as otherwise described in Schedule V hereto.

"Initial Pledged Equity" means the shares of stock and other Equity Interests in any Subsidiary of a Loan Party as set forth opposite each Loan Party's name on and as otherwise described in Schedule IV hereto; provided that no Loan Party shall be required to pledge any shares of stock in any Foreign Subsidiary owned or otherwise held by such Loan Party which, when aggregated with all of the other shares of stock in such Foreign Subsidiary pledged by any Loan Party, would result in more than 66% of the shares of stock in such Foreign Subsidiary entitled to vote (within the meaning of Treasury Regulation Section 1.956(d)(2) promulgated under the Internal Revenue Code) (the "Voting Foreign Stock") (on a fully diluted basis) being pledged to the Administrative Agent, on behalf of the Secured Parties, under this Agreement (although all of the shares of stock in such Foreign Subsidiary not entitled to vote (within the meaning of Treasury Regulation Section 1.956-2(c)(2) promulgated under the Internal Revenue

Code) (the "Non-Voting Foreign Stock") shall be pledged by each of the Loan Parties that owns or otherwise holds any such Non-Voting Foreign Stock therein).

"Initial Swing Line Lender" has the meaning specified in the recital of parties to this Agreement.

"Insufficiency" means, with respect to any ERISA Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"Intellectual Property" has the meaning specified in Section 9.01(g).

"Intellectual Property Collateral" shall mean all Material Intellectual Property.

"Intellectual Property Security Agreement" has the meaning specified in Section 3.01(a)(vii).

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance, and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the Borrower may, upon notice received by the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) the Borrower may not select any Interest Period with respect to any Eurodollar Rate Advance under a Facility that ends after any principal repayment installment date for such Facility unless, after giving effect to such selection, the aggregate principal amount of Base Rate Advances and of Eurodollar Rate Advances having Interest Periods that end on or prior to such principal repayment installment date for such Facility shall be at least equal to the aggregate principal amount of Advances under such Facility due and payable on or prior to such date;

(b) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Borrowing shall be of the same duration;

(c) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(d) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Interim Order" means a certified copy of an order entered by the Bankruptcy Court in substantially the form of Exhibit E.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Inventory" has the meaning specified in the UCC.

"Investment" means, with respect to any Person, (a) any direct or indirect purchase or other acquisition (whether for cash, securities, property, services or otherwise) by such Person of, or of a beneficial interest in, any Equity Interests or Debt of any other Person, (b) any direct or indirect purchase or other acquisition (whether for cash, securities, property, services or otherwise) by such Person of all or substantially all of the property and assets of any other Person or of any division, branch or other unit of operation of any other Person, (c) any direct or indirect loan, advance, other extension of credit or capital contribution by such Person to, or any other investment by such Person in, any other Person (including, without limitation, any arrangement pursuant to which the investor incurs indebtedness of the types referred to in clause (i) or (j) of the definition of "Debt" set forth in this Section 1.01 in respect of such other Person) and (d) any written agreement to make any Investment.

"Issuing Bank" means each Initial Issuing Bank and any other Revolving Credit Lender approved as an Issuing Bank by the Administrative Agent and any Eligible Assignee to which a Letter of Credit Commitment hereunder has been assigned pursuant to Section 7.09 or 10.07.

"L/C Cash Collateral Account" means the account established by the Borrower in the name of the Administrative Agent and under the sole and exclusive control of the Administrative Agent that shall be used solely for the purposes set forth herein.

"L/C Obligations" means, as at any date of determination, the aggregate Available Amount of all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all Letter of Credit Borrowings.

"Lead Arrangers" has the meaning specified in the recital of parties to this Agreement.

"Lender Party" means any Lender, any Issuing Bank or the Swing Line Lender.

"Lenders" has the meaning specified in the recital of parties to this Agreement.

"Letter of Credit" means any letter of credit issued hereunder.

"Letter of Credit Advance" means an advance made by any Issuing Bank or Revolving Credit Lender pursuant to Section 2.03(c).

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the applicable Issuing Bank.

"Letter of Credit Commitment" means with respect to any Issuing Bank, the amount set forth opposite such Issuing Bank's name on Schedule I hereto under the caption "Letter of Credit Commitment" or if such Issuing Bank has entered into one or more Assignment and Acceptances, set forth (for such Issuing Bank in the Register maintained by the Administrative Agent pursuant

to Section 10.07(d) as such Issuing Bank's Letter of Credit Commitment," as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Letter of Credit Expiration Date" means the day that is five days prior to the Maturity Date, or such later date as the applicable Issuing Bank may, in its sole discretion, specify.

"Letter of Credit Sublimit" means an amount equal to the lesser of (a) the aggregate amount of the Issuing Banks' Letter of Credit Commitments at such time and (b) $400,000,000 as such amount may be reduced from time to time pursuant to Section 2.05. The Letter of Credit Sublimit is part of, and not in addition to, the Revolving Credit Commitments.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan Documents" means (i) this Agreement, (ii) the Notes, if any, (iii) the DIP Financing Orders, (iv) the Collateral Documents, (v) the Fee Letter, (vi) solely for purposes of the Collateral Documents, each Secured Hedge Agreement and (vii) any other document, agreement or instrument executed and delivered by a Loan Party in connection with the Facilities, in each case as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Loan Parties" means, collectively, the Borrower and the Guarantors.

"Loan Value" means (a) with respect to Eligible Receivables, up to 85% of the value of Eligible Receivables and (b) with respect to Eligible Inventory, the lesser of (i) 65% of the value of Eligible Inventory and (ii) 85% of the Net Recovery Rate of Eligible Inventory (based on the then most recent independent inventory appraisal) on any date of determination.

"Margin Stock" has the meaning specified in Regulation U.

"Material Adverse Change" means any event or occurrence which has resulted in or would reasonably be expected to result in any material adverse change in the business, financial or other condition, operations or properties of the Borrower and its Subsidiaries, taken as a whole (other than events publicly disclosed prior to the commencement of the Cases and the commencement and continuation of the Cases and the consequences that would normally result therefrom); provided that events, developments and circumstances disclosed in public filings and press releases of the Borrower and any other events of information made available in writing to the Lead Arrangers, in each case at least three days prior to the Effective Date, shall not be considered in determining whether a Material Adverse Change has occurred, although subsequent events, developments and circumstances relating thereto may be considered in determining whether or not a Material Adverse Change has occurred.

"Material Adverse Effect" means a material adverse effect on (a) the business, financial or other condition, operations or properties of the Borrower and its Subsidiaries, taken as a whole (other than events publicly disclosed prior to the commencement of the Cases and the commencement and continuation of the Cases and the consequences that would normally result therefrom), (b) the rights and remedies of the Administrative Agent or any Lender Party under any Loan Document or (c) the ability of any Loan Party to perform its Obligations under any Loan Document to which it is or is to be a party; provided that events, developments and

circumstances disclosed in public filings and press releases of the Borrower and any other events of information made available in writing to the Lead Arrangers, in each case at least three days prior to the Effective Date, shall not be considered in determining whether a Material Adverse Effect has occurred, although subsequent events, developments and circumstances relating thereto may be considered in determining whether or not a Material Adverse Effect has occurred.

"Material Guarantors" means, on any date of determination, (a) those Guarantors set forth on Schedule 1.01(a) and (b) any other Guarantor that is a Material Subsidiary, on such date, has (i) assets with a book value equal to or in excess of $1,000,000, (ii) annual net income in excess of $1,000,000 or (iii) liabilities in an aggregate amount equal to or in excess of $1,000,000; provided, however, that in no event shall Guarantors that are not Material Guarantors have (i) assets with an aggregate book value in excess of $5,000,000, (ii) aggregate annual net income in excess of $5,000,000 or (iii) liabilities in an aggregate amount in excess of $5,000,000.

"Material Intellectual Property" means the Intellectual Property set forth on Schedule 1.01(b).

"Material Subsidiary" means, on any date of determination, any Subsidiary of the Borrower that, on such date, has (i) assets with a book value equal to or in excess of $1,000,000, (ii) annual net income in excess of $1,000,000 or (iii) liabilities in an aggregate amount equal to or in excess of $1,000,000; provided, however, that in no event shall all Subsidiaries of the borrower that are not Material Subsidiaries have (i) assets with an aggregate book value in excess of $5,000,000, (ii) aggregate annual net income in excess of $5,000,000 or (iii) liabilities in an aggregate amount in excess of $5,000,000.

"Maturity Date" means the earlier of (i) the date that is eighteen months following the Effective Date and (ii) the effective date of a Reorganization Plan in respect of the Cases.

"Moody's" means Moody's Investor Services, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Loan Party or any ERISA Affiliate and at least one Person other than the Loan Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Loan Party or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Net Cash Proceeds" means, with respect to any sale, lease, transfer or other disposition of any asset of the Borrower or any of its Subsidiaries (other than any sale, lease, transfer or other disposition of assets pursuant to clauses (i), (ii), (iv) or (v) of Section 5.02(h) and, to the extent that the distribution to any Loan Party of any proceeds of any sale, transfer or other disposition of any asset of a Foreign Subsidiary would (1) result in material adverse tax consequences, (2) result in a breach of any agreement governing Debt of such Foreign Subsidiary permitted to exist or to be incurred by such Foreign Subsidiary under the terms of this Agreement and/or (3) be limited or prohibited under applicable local law, clause (x) of Section 5.02(h)), the excess, if any, of (i) the sum of cash and Cash Equivalents received in connection with such sale, lease, transfer or other

disposition (including any cash or Cash Equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) over (ii) the sum of (A) the principal amount of any Debt (other than Debt under the Loan Documents) that is secured by such asset and that is required to be repaid in connection with such sale, lease, transfer or other disposition thereof, (B) in the case of Net Cash Proceeds received by a Foreign Subsidiary, the principal amount of any Debt of Foreign Subsidiaries permanently prepaid or repaid with such proceeds, (C) the reasonable and customary out-of-pocket costs, fees (including investment banking fees), commissions, premiums and expenses incurred by the Borrower or its Subsidiaries, (D) federal, state, provincial, foreign and local taxes reasonably estimated (on a Consolidated basis) to be actually payable within the current or the immediately succeeding tax year as a result of any gain recognized in connection therewith, and (E) a reasonable reserve (which reserve shall be deposited into an escrow account with the Administrative Agent) for any purchase price adjustment or any indemnification payments (fixed and contingent) attributable to the seller's obligations to the purchaser undertaken by the Borrower or any of its Subsidiaries in connection with such sale, lease, transfer or other disposition (but excluding any purchase price adjustment or any indemnity which, by its terms, will not under any circumstances be made prior to the Maturity Date); provided, however, that Net Cash Proceeds shall not include any such amounts to the extent (i) such amounts are reinvested in the business of the Borrower and its Subsidiaries within 180 days after the date of receipt thereof or (ii) a binding agreement with a third party to so invest is entered into by the Borrower and its Subsidiaries within 180 days after the date of receipt thereof and such amounts are invested within 270 days after the date of receipt thereof; provided, further, that Net Cash Proceeds shall not include the first $100,000,000 of cash receipts received after the Effective Date from sales, leases, transfers or other dispositions of assets by Foreign Subsidiaries permitted by Section 5.02(h)(x).

"Net Orderly Liquidation Value" shall mean, with respect to Inventory or Equipment, as the case may be, the orderly liquidation value with respect to such Inventory or Equipment, net of expenses estimated to be incurred in connection with such liquidation, based on the most recent third party appraisal in form and substance, and by an independent appraisal firm, reasonably satisfactory to the Administrative Agent.

"Net Recovery Rate" shall mean, with respect to Inventory at any time, the quotient (expressed as a percentage) of (i) the Net Orderly Liquidation Value of all Inventory owned by the Borrower and the Guarantors divided by (ii) the gross inventory cost of such Inventory, determined on the basis of the then most recently conducted third party inventory appraisal in form and substance, and performed by an independent appraisal firm, reasonably satisfactory to the Administrative Agent.

"Non-Filing Domestic Subsidiary" means Dana Asset Funding LLC and each other direct or indirect Subsidiary of the Borrower that is organized under the laws of the United States or any state or other political subdivision thereof that is not a party to a Case.

"Non-Loan Party" means any Subsidiary of a Loan Party that is not a Loan Party.

"Note" means a Term Note or a Revolving Credit Note.

"Notice of Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Default" has the meaning specified in Section 7.05.

"Notice of Swing Line Borrowing" has the meaning specified in Section 2.02(b).

"Obligation" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including, without limitation, any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding under any Debtor Relief Law. Without limiting the generality of the foregoing, the Obligations of the Loan Parties under the Loan Documents include (a) the obligation to pay principal, interest, Letter of Credit commissions, charges, expenses, fees, reasonable attorneys' fees and disbursements, indemnities and other amounts payable by any Loan Party under any Loan Document and (b) the obligation of any Loan Party to reimburse any amount in respect of any of the foregoing that any Lender Party, in its sole discretion, may elect to pay or advance on behalf of such Loan Party.

"Other Taxes" has the meaning specified in Section 2.12(b).

"Outstanding Amount" means (i) with respect to Advances on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Advances, as the case may be, occurring on such date; and (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any Letter of Credit Borrowing occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the Available Amount of any Letter of Credit taking effect on such date.

"Patents" has the meaning specified in Section 9.01(g)(i).

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Permitted Acquisition" means any Acquisition by the Borrower or any of its Subsidiaries; provided that (A) such Acquisition shall be in property and assets which are part of, or in lines of business that are, substantially the same lines of business as (or ancillary to) one or more of the businesses of the Borrower and its Subsidiaries in the ordinary course; (B) any determination of the amount of consideration paid in connection with such investment shall include all cash consideration paid, the aggregate amounts paid or to be paid under noncompete, consulting and other affiliated agreements with, the sellers of such investment, and the principal amount of all assumptions of debt, liabilities and other obligations in connection therewith; (C) immediately before and immediately after giving effect to any such purchase or other acquisition, no Default shall have occurred and be continuing and (2) immediately after giving effect to such purchase or other acquisition, the Borrower and its Subsidiaries shall be in pro forma compliance with all of the financial covenants set forth in Section 5.04 hereof, such compliance to be determined, in the case of any Permitted Acquisition involving consideration in excess of $10,000,0000, on the basis of audited financial statements (or, if such audited financial statements are unavailable, on the basis of such other historical financial information as is reasonably acceptable to the Administrative Agent) for such investment as though such investment had been consummated as of the first day of the fiscal period covered thereby.

"Permitted Lien" means (i) liens in favor of the Administrative Agent for the benefit of the Secured Parties and the other parties intended to share the benefits of the Collateral granted pursuant to any of the Loan Documents; (ii) liens for taxes and other obligations or requirements

owing to or imposed by governmental authorities existing or having priority, as applicable, by operation of law which in either case (A) are not yet overdue or (B) are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted so long as appropriate reserves in accordance with GAAP shall have been made with respect to such taxes or other obligations; (iii) statutory liens of banks and other financial institutions (and rights of set-off), (iv) statutory liens of landlords, carriers, warehousemen, mechanics, repairmen, workmen and materialmen, and other liens imposed by law (other than any such lien imposed pursuant to Section 401 (a)(29) or 412(n) of the Internal Revenue Code or by ERISA), in each case incurred in the ordinary course of business (A) for amounts not yet overdue or (B) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of five days) are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made for any such contested amounts; (v) liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security; (vi) liens, pledges and deposits to secure the performance of tenders, statutory obligations, performance and completion bonds, surety bonds, appeal bonds, bids, leases, licenses, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations; (vii) easements, rights-of-way, zoning restrictions, licenses, encroachments, restrictions on use of real property and other similar encumbrances incurred in the ordinary course of business, in each case which do not and will not interfere in any material respect with the ordinary conduct of the business of the Borrower or any of its Subsidiaries; (viii) (A) any interest or title of a lessor or sublessor under any lease or sublease by the Borrower or any Subsidiary and (B) any leases or subleases by the Borrower or any Subsidiary to another Person(s) in the ordinary course of business; (ix) liens solely on any cash earnest money deposits made by the Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement entered into in connection with a Permitted Acquisition or another Investment permitted hereunder; (x) the filing of precautionary UCC financing statements relating to leases entered into in the ordinary course of business and the filing of UCC financing statements by bailees and consignees in the ordinary course of business; (xi) liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; (xii) leases and subleases or licenses and sublicenses of patents, trademarks and other intellectual property rights granted by the Borrower or any of its Subsidiaries in the ordinary course of business and not interfering in any respect with the ordinary conduct of the business of the Borrower or such Subsidiary; (xiii) liens arising out of judgments not constituting an Event of Default hereunder; (xiv) liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the proceeds and products thereof; and (xv) any right of first refusal or first offer, redemption right, or option or similar right in respect of any capital stock owned by the Borrower or any Subsidiary with respect to any joint venture or other Investment, in favor of any co-venturer or other holder of capital stock in such investment.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Petition Date" has the meaning specified in Preliminary Statement (1).

"Pledged Collateral" means, collectively, (i) the Initial Pledged Equity, (ii) the Initial Pledged Debt, (iii) Pledged Equity which is (x) all Equity Interests in any domestic Subsidiary of a Loan Party other than the Initial Pledged Equity that are acquired after the Petition Date or (y) all Equity Interests in any third party entities owned by any Loan Party which individually is valued (in accordance with GAAP) to be in excess of $1,000,000 and represents more than 10%

ownership in such third party entity, (iv) Pledged Debt (other than the Initial Pledged Debt) which has a face principal amount in excess of $1,000,000 and which arises after the Petition Date and (v) any Pledged Investment Property (other than an Equity Interest) which has an individual value in excess of $1,000,000, subject in the case of each of the foregoing to the limitations and exclusions set forth in this Agreement.

"Pledged Debt" has the meaning specified in Section 9.01(e)(iv).

"Pledged Equity" has the meaning specified in Section 9.01(e)(iii).

"Pledged Investment Property" has the meaning specified in Section 9.01(e)(v).

"Pre-Petition Agent" means Citicorp USA, Inc. in its capacity as agent under the Pre-Petition Security Agreement.

"Pre-Petition Collateral" means the "Collateral" as defined in the Pre-Petition Security Agreement.

"Pre-Petition Document" means each of the "Secured Documents" as defined in the Pre-Petition Security Agreement.

"Pre-Petition Payment" means a payment (by way of adequate protection or otherwise) of principal or interest or otherwise on account of any pre-petition Debt or trade payables or other pre-petition claims against the Borrower or any Guarantor.

"Pre-Petition Secured Creditors" means the Persons from time to time holding Pre-Petition Secured Indebtedness.

"Pre-Petition Secured Indebtedness" means all indebtedness and other Obligations of the Borrower and the Guarantors that are secured pursuant to the Pre-Petition Security Agreement.

"Pre-Petition Security Agreement" means the Security Agreement dated as of November 18, 2005 from Dana Corporation and the other grantors referred to therein to Citicorp USA, Inc., as Agent.

"Preferred Interests" means, with respect to any Person, Equity Interests issued by such Person that are entitled to a preference or priority over any other Equity Interests issued by such Person upon any distribution of such Person's property and assets, whether by dividend or upon liquidation.

"Priority Collateral" means, in respect of each of the Revolving Credit Facility and the Term Facility, in each case following satisfaction by the Loan Parties of the conditions set forth in Section 3.03, the Collateral securing such Facility on a first priority basis (subject solely to unavoidable pre-petition Liens and Liens permitted under Section 5.02(a) and the Carve-Out).

"Professional Fees" means legal, appraisal, financing, consulting, and other advisor fees incurred in connection with the Cases, the Restructuring and this Agreement.

"Pro Rata Share" of any amount means, with respect to any Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Commitment (or, if the Commitments shall have been terminated pursuant to Section 2.05 or

6.01, such Lender's Commitment as in effect immediately prior to such termination) under the applicable Facility or Facilities at such time and the denominator of which is the amount of such Facility or Facilities at such time (or, if the Commitments shall have been terminated pursuant to Section 2.05 or 6.01, the amount of such Facility or Facilities as in effect immediately prior to such termination).

"Redeemable" means, with respect to any Equity Interest, Debt or other right or Obligation, any such right or Obligation that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"Reduction Amount" has the meaning specified in Section 2.06(b)(iv).

"Register" has the meaning specified in Section 10.07(d).

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Related Contracts" has the meaning specified in Section 9.01(c).

"Reorganization Plan" shall mean a Chapter 11 plan of reorganization in any of the Cases of the Borrower or a Material Guarantor.

"Required Lenders" means, at any time, Lenders owed or holding at least a majority in interest of the sum of (a) the aggregate principal amount of the Advances outstanding at such time, (b) the aggregate Available Amount of all Letters of Credit outstanding at such time, (c) the aggregate Unused Term Commitments at such time and (d) the aggregate Unused Revolving Credit Commitment at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time (A) the aggregate principal amount of the Advances owing to such Lender (in its capacity as a Lender) and outstanding at such time, (B) such Lender's Pro Rata Share of the aggregate Available Amount of all Letters of Credit issued by such Lender and outstanding at such time, (C) the Unused Term Commitment of such Lender at such time and (D) the Unused Revolving Credit Commitment of such Lender at such time. For purposes of this definition, the aggregate amount of Swing Line Advances owing to any Swing Line Lender, the aggregate principal amount of Letter of Credit Advances owing to the Issuing Banks and the Available Amount of each Letter of Credit shall be considered to be owed to the Lenders ratably in accordance with their respective Revolving Credit Commitments.

"Reserves" shall have the meaning ascribed to such term in the Borrowing Base Amendment.

"Responsible Officer" means the chief executive officer, president, chief financial officer or treasurer of a Loan Party. Any document delivered hereunder or under any other Loan Document that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restructuring" means the reorganization or discontinuation of the Borrower's or any Subsidiary's business, operations and structure in respect of (a) facility closures and the consolidation, relocation or elimination of operations and (b) related severance costs and other costs incurred in connection with the termination, relocation and training of employees.

"Restructuring Charges" means non-recurring and other one-time costs incurred by the Borrower or any Subsidiary in connection with the Restructuring.

"Revolving Credit Advance" has the meaning specified in Section 2.01(b).

"Revolving Credit Availability Amount" means (a) prior to the satisfaction of the conditions set forth in Section 3.02, the lesser of (i) $800,000,000 (as such amount may be reduced in accordance with the provisions of Section 2.05) and (ii) the aggregate amount permitted by the Interim Order and (b) thereafter, the lesser of (i) the Borrowing Base and (ii) the Revolving Credit Commitments at such time.

"Revolving Credit Commitment" means, with respect to any Lender at any time, the amount set forth for such time opposite such Lender's name on Schedule I hereto under the caption "Revolving Credit Commitment" or, if such Lender has entered into one or more Assignments and Assignments, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 10.07(d) as such Lender's "Revolving Credit Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Revolving Credit Facility" means, at any time, the aggregate amount of the Lenders' Revolving Credit Commitments at such time.

"Revolving Credit Lender" means any Lender that has a Revolving Credit Commitment.

"Revolving Credit Note" means a promissory note of the Borrower payable to the order of any Revolving Credit Lender, in substantially the form of Exhibit A-2 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Revolving Credit Advances made by such Lender.

"S&P" means Standard & Poor's, a division of The Mc-Graw Hill Companies, Inc.

"SEC" means the Securities and Exchange Commission or any governmental authority succeeding to any of its principal functions.

"Secured Credit Card Obligations" means any Obligations arising on and after the Petition Date under the Credit Card Program.

"Secured Hedge Agreement" means any Hedge Agreement required or permitted under Article V that is entered into by and between any Loan Party and any Hedge Bank, in each case solely to the extent that the obligations in respect of such Hedge Agreement are not cash collateralized or otherwise secured (other than pursuant to the Collateral Documents).

"Secured Obligation" has the meaning specified in Section 9.01.

"Secured Parties" means, collectively, the Administrative Agent, the Lender Parties, the Hedge Banks and the Affiliates of Lender Parties party to the Credit Card Program.

"Security Collateral" has the meaning specified in Section 9.01(e).

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Loan Party or any ERISA Affiliate and no Person other than the Loan Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Loan Party or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"SPC" has the meaning specified in Section 10.07(k).

"Subagent" has the meaning specified in Section 9.06(b).

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries; provided that, for purposes of the Loan Documents, no DCC Entity shall be a "Subsidiary" of the Borrower.

"Supermajority Lenders" means, at any time, Lenders owed or holding at least 66% in interest of the sum of (a) the aggregate principal amount of the Advances outstanding at such time, (b) the aggregate Available Amount of all Letters of Credit outstanding at such time, (c) the aggregate Unused Term Commitments at such time and (d) the aggregate Unused Revolving Credit Commitment at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time (A) the aggregate principal amount of the Advances owing to such Lender (in its capacity as a Lender) and outstanding at such time, (B) such Lender's Pro Rata Share of the aggregate Available Amount of all Letters of Credit issued by such Lender and outstanding at such time, (C) the Unused Term Commitment of such Lender at such time and (D) the Unused Revolving Credit Commitment of such Lender at such time. For purposes of this definition, the aggregate amount of Swing Line Advances owing to any Swing Line Lender, the aggregate principal amount of Letter of Credit Advances owing to the Issuing Banks and the Available Amount of each Letter of Credit shall be considered to be owed to the Lenders ratably in accordance with their respective Revolving Credit Commitments.

"Superpriority Claim" shall mean a claim against the Borrower or a Guarantor in any of the Cases that is a superpriority administrative expense claim having priority over any or all administrative expenses and other claims of the kind specified in, or otherwise arising or ordered under, any Sections of the Bankruptcy Code (including, without limitation, Sections 105, 326, 328, 330, 331, 503(b), 507(a), 507(b), 546(c) and/or 726 thereof), whether or not such claim or expenses may become secured by a judgment lien or other non-consensual lien, levy or attachment.

"Swing Line Advance" means an advance made by (a) the Swing Line Lender pursuant to Section 2.01(d) or (b) any Revolving Credit Lender pursuant to Section 2.02(b).

"Swing Line Borrowing" means a borrowing consisting of a Swing Line Advance made by the Swing Line Lender pursuant to Section 2.01(d) or the Revolving Credit Lenders pursuant to Section 2.02(b).

"Swing Line Commitment" means, with respect to the Swing Line Lender, the amount set forth opposite its name on Schedule I hereto under the caption "Swing Line Commitment" or, if the Swing Line Lender has entered into an Assignment and Acceptance, set forth for the Swing Line Lender in the Register maintained by the Administrative Agent pursuant to Section 10.07(d) as the Swing Line Lender's "Swing Line Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Swing Line Facility" means, at any time, an amount equal to the aggregate amount of the Swing Line Lender's Swing Line Commitment at such time, as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Swing Line Lender" means the Initial Swing Line Lender and any Eligible Assignee to which the Swing Line Commitment hereunder has been assigned pursuant to Section 10.07 so long as such Eligible Assignee expressly agrees to perform in accordance with their terms all obligations that by the terms of this Agreement are required to be performed by it as a Swing Line Lender and notifies the Administrative Agent of its Applicable Lending Office and the amount of its Swing Line Commitment (which information shall be recorded by the Administrative Agent in the Register), for so long as such Initial Swing Line Lender or Eligible Assignee, as the case may be, shall have a Swing Line Commitment.

"Syndication Agent" has the meaning specified in the recital of parties to this Agreement.

"Synthetic Debt" means, with respect to any Person as of any date of determination thereof, all Obligations of such Person in respect of transactions entered into by such Person that are intended to function primarily as a borrowing of funds (including, without limitation, any minority interest transactions that function primarily as a borrowing) but are not otherwise included in the definition of "Debt" or as a liability on the consolidated balance sheet of such Person and its Subsidiaries in accordance with GAAP.

"Taxes" has the meaning specified in Section 2.12(a).

"Term Advance" has the meaning specified in Section 2.01(a).

"Term Commitment" means, with respect to any Term Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Term Commitment" or, if such Lender has entered into one or more Assignments and Assignments, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 10.07(d) as such Lender's "Term Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05. As of the Effective Date, the aggregate principal amount of the Term Commitments is $700,000,000.

"Term Facility" means, at any time, the aggregate amount of the Term Lenders' Term Commitments at such time.

"Term Lender" means any Lender that has a Term Commitment.

"Term Note" means a promissory note of the Borrower payable to the order of any Term Lender, in substantially the form of Exhibit A-1 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from the Term Advance made by such Lender.

"Termination Date" means the earliest to occur of (i) the Maturity Date, (ii) the effective date of a Reorganization Plan and (iii) the date of termination in whole of the Commitments pursuant to Section 2.05 or 6.01.

"Thirteen Week Forecast" has the meaning set forth in Section 5.03(f).

"Tooling Program" means any program whereby tooling equipment is purchased or progress payments are made to facilitate production customer's products and whereby the customer will ultimately repurchase the tooling equipment after the final approval by such customer.

"Total Outstandings" means the aggregate Outstanding Amount of all Advances and all L/C Obligations.

"Trade Secrets" has the meaning specified in Section 9.01(g)(v).

"Trademarks" has the meaning specified in Section 9.01(g)(ii).

"Type" refers to the distinction between Advances bearing interest at the Base Rate and Advances bearing interest at the Eurodollar Rate.

"UCC" means the Uniform Commercial Code as in effect, from time to time, in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"Unreimbursed Amount" has the meaning specified in Section 2.03(c)(i).

"Unused Revolving Credit Commitment" means, with respect to any Lender at any time, (a) such Lender's Revolving Credit Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Revolving Credit Advances, Swing Line Advances and Letter of Credit Advances made by such Lender (in its capacity as a Lender) and outstanding at such time, plus (ii) such Lender's Pro Rata Share of (A) the aggregate Available Amount of all Letters of Credit outstanding at such time, (B) the aggregate principal amount of all Letter of Credit Advances made by the Issuing Banks pursuant to Section 2.03(c) and outstanding at such time, and (C) the aggregate principal amount of all Swing Line Advances made by the Swing Line Lender pursuant to Section 2.01(d) at any time.

"Unused Term Commitment" means, with respect to any Lender at any time (a) such Lender's Term Commitment at such time minus (b) the aggregate principal amount of all Term Advances made by such Lender (in its capacity as a Lender).

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote

for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"Welfare Plan" means a welfare plan, as defined in Section 3(1) of ERISA, that is maintained for employees of any Loan Party or in respect of which any Loan Party could have liability.

"Withdrawal Liability" has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

Section 1.02 Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.03 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(f) ("GAAP").

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND THE LETTERS OF CREDIT

Section 2.01 The Advances. (a) The Term Advances. Each Term Lender severally agrees, on the terms and conditions hereinafter set forth, to make a single advance to the Borrower (a "Term Advance") on any Business Day during the period from the date of the entry of the Final Order until such date as the Initial Lenders and the Borrower shall mutually determine, in an amount not to exceed such Lender's Term Commitment at such time. Amounts borrowed under this Section 2.01(a) and repaid or prepaid may not be reborrowed.

(b) The Revolving Credit Advances. Each Revolving Credit Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each, a "Revolving Credit Advance") to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date (i) in an amount for each such Advance not to exceed such Revolving Credit Lender's Unused Revolving Credit Commitment at such time and (ii) in an aggregate amount for all such Advances not to exceed such Lender's ratable portion (based on the aggregate amount of the Unused Revolving Credit Commitments at such time) of the Revolving Credit Availability Amount at such time; provided that the sum of (x) the aggregate principal amount of all Revolving Credit Advances, Swing Line Advances and Letter of Credit Advances outstanding at such time plus (y) the aggregate Available Amount of all Letters of Credit outstanding at such time shall not exceed the Revolving Credit Availability Amount at any time.

(c) Borrowings. Each Borrowing shall be in a principal amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof (other than a Borrowing the proceeds of which shall be used solely to repay or prepay in full outstanding Swing Line Advances or Letter of Credit Advances) and shall consist of Advances made simultaneously by the Lenders under the applicable Facility ratably according to the Lenders' Commitments under such Facility. Within the limits of each Lender's Unused Revolving Credit Commitment in effect from time to time, the Borrower may borrow under Section 2.01(a), prepay pursuant to Section 2.06, and reborrow under Section 2.01(a).

(d) The Swing Line Advances. The Swing Line Lender severally agrees on the terms and conditions hereinafter set forth, to make Swing Line Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate amount owing to the Swing Line Lender not to exceed at any time outstanding the lesser of (i) the Swing Line Facility at such time and (ii) the Swing Line Lender's Swing Line Commitment at such time; provided, however, that no Swing Line Borrowing shall exceed the aggregate of the Unused Revolving Credit Commitments of the Revolving Credit Lenders at such time. No Swing Line Advance shall be used for the purpose of funding the payment of principal of any other Swing Line Advance. Each Swing Line Borrowing shall be in an amount of $500,000 or an integral multiple of $100,000 in excess thereof. Within the limits of the Swing Line Facility and within the limits referred to in the first sentence of this subsection (d), the Borrower may borrow under this Section 2.01(d), repay pursuant to Section 2.04(d) or prepay pursuant to Section 2.06(a) and reborrow under this Section 2.01(d). Immediately upon the making of a Swing Line Advance, each Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Advance in an amount equal to the product of such Lender's Pro Rata Share times the principal amount of such Swing Line Advance.

Section 2.02 Making the Advances. (a) Except as otherwise provided in Section 2.02(b) or 2.03, each Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurodollar Rate Advances, or the first Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Base Rate Advances, by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof by telex or telecopier. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telephone, confirmed immediately in writing, or telex or telecopier, in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing, (ii) the Facility under which such Borrowing is to be made, (iii) Type of Advances comprising such Borrowing, (iv) aggregate amount of such Borrowing and (v) in the case of a Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Advance. Each Lender shall, before 11:00 A.M. (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing in accordance with the respective Commitments of such Lender and the other Lenders. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower by crediting the Borrower's Account or such other account as the Borrower shall request; provided, however, that, in the case of Revolving Credit Advances, the Administrative Agent shall first apply such funds to prepay ratably the aggregate principal amount of any Swing Line Advances and Letter of Credit Advances outstanding on the date of such Borrowing, plus interest accrued and unpaid thereon to and as of such date.

(b) (i) Each Swing Line Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the date of the proposed Swing Line Borrowing, by the Borrower to the Swing Line Lender and the Administrative Agent. Each such notice of a Swing Line Borrowing (a "Notice of Swing Line Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier, specifying therein the requested (i) date of such Borrowing, (ii) amount of such Borrowing and (iii) maturity of such Borrowing (which maturity shall be no later than the seventh day after the requested date of such Borrowing). The Swing Line Lender will make the amount of the requested Swing Line Advances available to the Administrative Agent at the Administrative Agent's Account, in same day funds. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower by crediting the Borrower's Account or such other account as the Borrower shall request.

(ii) The Swing Line Lender may, at any time in its sole and absolute discretion, request on behalf of the Borrower (and the Borrower hereby irrevocably authorizes the Swing Line Lender to so request on its behalf) that each Revolving Credit Lender make a Base Rate Advance in an amount equal to such Lender's Pro Rata Share of the amount of Swing Line Advances then outstanding. Such request shall be deemed to be a Notice of Borrowing for purposes hereof and shall be made in accordance with the provisions of Section 2.02(a) without regard solely to the minimum amounts specified therein but subject to the satisfaction of the conditions set forth in Section 3.02 (except that the Borrower shall not be deemed to have made any representations and warranties). The Swing Line Lender shall furnish the Borrower with a copy of the Notice of Borrowing promptly after delivering such notice to the Administrative Agent. Each Revolving Credit Lender shall make an amount equal to its Pro Rata Share of the amount specified in such Notice of Borrowing available for the account of its Applicable Lending Office to the Administrative Agent for the account of such Swing Line Lender, by deposit to the Administrative Agent's Account, in same date funds, not later than 3:00 P.M. on the day specified in such Notice of Borrowing.

(iii) If for any reason any Swing Line Advance cannot be refinanced by a Revolving Credit Borrowing as contemplated by Section 2.02(b)(ii), the request for Base Rate Advances submitted by the Swing Line Lender as set forth in Section 2.02(b)(ii) shall be deemed to be a request by such Swing Line Lender that each of the Revolving Credit Lenders fund its risk participation in the relevant Swing Line Advance and each Revolving Credit Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.02(b)(ii) shall be deemed payment in respect of such participation.

(iv) If and to the extent that any Revolving Credit Lender shall not have made the amount of its Pro Rata Share of such Swing Line Advance available to the Administrative Agent in accordance with the provisions of Section 2.02(b)(ii), such Revolving Credit Lender agrees to pay to the Administrative Agent forthwith on demand such amount together with interest thereon, for each day from the date of the applicable Notice of Borrowing delivered by such Swing Line Lender until the date such amount is paid to the Administrative Agent, at the Federal Funds Rate.

(v) Each Revolving Credit Lender's obligation to make Revolving Credit Advances or to purchase and fund risk participations in a Swing Line Advance pursuant to this Section 2.02(b) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Revolving Credit Lender's obligation to make Revolving Credit Advances pursuant to this Section 2.02(b) is subject to satisfaction of the conditions set forth in Section 3.02. No funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Advances, together with interest as provided herein.

(c) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for the initial Borrowing hereunder or for any Borrowing if the aggregate amount of such Borrowing is less than $5,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.09 or 2.10 and (ii) the Revolving Credit Advances may not be outstanding as part of more than 15 separate Borrowings.

(d) Each Notice of Borrowing and each Notice of Swing Line Borrowing shall be irrevocable and binding on the Borrower. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or

before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any actual loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(e) Unless the Administrative Agent shall have received notice from any Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay or pay to the Administrative Agent forthwith on demand such corresponding amount and to pay interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid or paid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at such time under Section 2.07 to Advances comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall pay to the Administrative Agent such corresponding amount, such amount so paid shall constitute such Lender's Advance as part of such Borrowing for all purposes of this Agreement.

(f) The failure of any Lender to make the Advance to be made by it shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance or make available on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by it.

Section 2.03 Issuance of and Drawings and Reimbursement Under Letters of Credit. (a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) each Issuing Bank agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Effective Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of the Borrower or any of its Subsidiaries, and to amend Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drafts under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of the Borrower or any of its Subsidiaries; provided that the Issuing Banks shall not be obligated to issue any Letter of Credit, and no Lender shall be obligated to participate in any Letter of Credit if as of the date of such issuance, (x) the Available Amount for all Letters of Credit issued by such Issuing Bank would exceed the lesser of the Letter of Credit Sublimit at such time and such Issuing Bank's Letter of Credit Commitment at such time, (y) the Available Amount of such Letter of Credit would exceed the Unused Revolving Credit Commitment. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) No Issuing Bank shall be under any obligation to issue any Letter of Credit if: (A) any order, judgment or decree of any governmental authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from issuing such Letter of Credit, or any law applicable to such Issuing Bank or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over such Issuing Bank shall prohibit, or request that such Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon

such Issuing Bank any unreimbursed loss, cost or expense which such Issuing Bank in good faith deems material to it; (B) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Revolving Credit Lenders have approved such expiry date; (C) the issuance of such Letter of Credit would violate one or more policies of such Issuing Bank; or (D) such Letter of Credit is in an initial amount less than $100,000 (unless such Issuing Bank agrees otherwise), or is to be denominated in a currency other than U.S. dollars.

(iii) No Issuing Bank shall be under any obligation to amend any Letter of Credit if (A) such Issuing Bank would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(b) Procedures for Issuance and Amendment of Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the applicable Issuing Bank (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower or such Subsidiary for whose account such Letter of Credit is to be issued. Such Letter of Credit Application must be received by the applicable Issuing Bank and the Administrative Agent not later than 11:00 a.m. at least two Business Days (or such later date and time as such Issuing Bank may agree in a particular instance in its sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the applicable Issuing Bank: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as such Issuing Bank may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the applicable Issuing Bank (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as such Issuing Bank may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, the applicable Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, such Issuing Bank will provide the Administrative Agent with a copy thereof. Upon receipt by such Issuing Bank of confirmation from the Administrative Agent that the requested issuance or amendment is permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, such Issuing Bank shall, on the requested date, issue a Letter of Credit for the account of the Borrower or the applicable Subsidiary or enter into the applicable amendment, as the case may be, in each case in accordance with such Issuing Bank's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from such Issuing Bank a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Letter of Credit.

(iii) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the applicable Issuing

Bank will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the applicable Issuing Bank shall notify the Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. on the Business Day following any payment by the applicable Issuing Bank under a Letter of Credit, so long as the Borrower has received notice of such drawing by 10:00 a.m. on such following Business Day (each such date, an "Honor Date"), the Borrower shall reimburse such Issuing Bank through the Administrative Agent in an amount equal to the amount of such drawing (together with interest thereon at the rate set forth in Section 2.07 for Revolving Credit Advances bearing interest at the Base Rate). If the Borrower fails to so reimburse the applicable Issuing Bank by such time, the Administrative Agent shall promptly notify each Revolving Credit Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Revolving Credit Lender's Pro Rata Share thereof. In such event, the Borrower shall be deemed to have requested a Borrowing to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Borrowings, but subject to the amount of the Unused Revolving Credit Commitments and the conditions set forth in Section 3.02 (other than the delivery of a Notice of Borrowing). Any notice given by an Issuing Bank or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Revolving Credit Lender (including a Revolving Credit Lender acting as Issuing Bank) shall upon any notice pursuant to Section 2.03(c)(i) make funds available to the Administrative Agent for the account of the applicable Issuing Bank at the Administrative Agent's Office in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Revolving Credit Lender that so makes funds available shall be deemed to have made a Letter of Credit Advance to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the applicable Issuing Bank.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Borrowing because the conditions set forth in Section 3.02 cannot be satisfied or for any other reason, the Borrower shall be deemed to have incurred from the applicable Issuing Bank a Letter of Credit Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which Letter of Credit Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Revolving Credit Lender's payment to the Administrative Agent for the account of the applicable Issuing Bank pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such Letter of Credit Borrowing and shall constitute a Letter of Credit Advance from such Revolving Credit Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Revolving Credit Lender funds its Revolving Credit Advance or Letter of Credit Advance pursuant to this Section 2.03(c) to reimburse the applicable Issuing Bank for any amount drawn under any Letter of Credit, interest in respect of such Revolving Credit Lender's Pro Rata Share of such amount shall be solely for the account of such Issuing Bank.

(v) Each Revolving Credit Lender's obligation to make Letter of Credit Advances to reimburse the applicable Issuing Bank for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance,

including (A) any set-off, counterclaim, recoupment, defense or other right which such Revolving Credit Lender may have against such Issuing Bank, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing. No such making of a Letter of Credit Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse the applicable Issuing Bank for the amount of any payment made by such Issuing Bank under any Letter of Credit, together with interest as provided herein.

(vi) If any Revolving Credit Lender fails to make available to the Administrative Agent for the account of the applicable Issuing Bank any amount required to be paid by such Revolving Credit Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), such Issuing Bank shall be entitled to recover from such Revolving Credit Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the such Issuing Bank at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the applicable Issuing Bank submitted to any Revolving Credit Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after any Issuing Bank has made a payment under any Letter of Credit and has received from any Revolving Credit Lender such Revolving Credit Lender's Letter of Credit Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of the applicable Issuing Bank any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Revolving Credit Lender its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Revolving Credit Lender's Letter of Credit Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the applicable Issuing Bank pursuant to Section 2.03(c)(i) is required to be returned under any circumstances (including pursuant to any settlement entered into by such Issuing Bank in its discretion), each Revolving Credit Lender shall pay to the Administrative Agent for the account of such Issuing Bank its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Revolving Credit Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

(e) Obligations Absolute. The obligation of the Borrower to reimburse any Issuing Bank for each drawing under each Letter of Credit and to repay each Letter of Credit Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), such Issuing Bank or any other Person, whether in connection with this Agreement, the transactions

contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the Issuing Bank under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by such Issuing Bank under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will immediately notify the applicable Issuing Bank. The Borrower shall be conclusively deemed to have waived any such claim against the applicable Issuing Bank and its correspondents unless such notice is given as aforesaid.

(f) Role of Issuing Bank. Each Revolving Credit Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, no Issuing Bank shall have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Issuing Banks, any Agent-Related Person nor any of the respective correspondents, participants or assignees of any Issuing Bank shall be liable to any Revolving Credit Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Revolving Credit Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Letter of Credit Application. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower from pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the Issuing Banks, any Agent-Related Person, nor any of the respective correspondents, participants or assignees of any Issuing Bank, shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e); provided, however, that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against an Issuing Bank, any related Agent-Related Person, any of their respective correspondents, participants or assignees of such Issuing Bank or any Agent-Related Person, and they may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by such Issuing Bank's, any such Agent-Related Person's, or any of such respective correspondents, participants or assignees of such Issuing Bank or of any Agent-Related Person's willful misconduct or gross negligence or such Issuing Bank's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly

complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the applicable Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and such Issuing Bank shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Cash Collateral. Upon the request of the Administrative Agent, if, as of the Letter of Credit Expiration Date, any Letter of Credit may for any reason remain outstanding and partially or wholly undrawn, the Borrower shall immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations (in an amount equal to 105% of such Outstanding Amount determined as of the date of such Letter of Credit Borrowing or the Letter of Credit Expiration Date, as the case may be). For purposes hereof, "Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Issuing Banks and the Revolving Credit Lenders, as collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the Issuing Banks (which documents are hereby consented to by the Revolving Credit Lenders). Derivatives of such term have corresponding meanings. The Borrower hereby grants to the Administrative Agent, for the benefit of the Issuing Banks and the Revolving Credit Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Such cash collateral shall be maintained in the L/C Cash Collateral Account.

(h) Applicability of ISP98 and UCP. Unless otherwise expressly agreed by the applicable Issuing Bank and the Borrower when a Letter of Credit is issued, (i) the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the "ICC") at the time of issuance (including the ICC decision published by the Commission on Banking Technique and Practice on April 6, 1998 regarding the European single currency (euro)) shall apply to each commercial Letter of Credit.

(i) Conflict with Letter of Credit Application. In the event of any conflict between the terms hereof and the terms of any Letter of Credit Application, the terms hereof shall control.

Section 2.04 Repayment of Advances. (a) Term Advances. The Borrower shall repay to the Administrative Agent for the ratable account of the Term Lenders on the Termination Date the aggregate outstanding principal amount of the Term Advances then outstanding.

(b) Revolving Credit Advances. The Borrower shall repay to the Administrative Agent for the ratable account of the Revolving Credit Lenders on the Termination Date the aggregate outstanding principal amount of the Revolving Credit Advances then outstanding.

(c) Swing Line Advances. The Borrower shall repay to the Administrative Agent for the account of the Swing Line Lender and each other Revolving Credit Lender that has made a Swing Line Advance the outstanding principal amount of each Swing Line Advance made by each of them on the earlier of the maturity date specified in the applicable Notice of Swing Line Borrowing (which maturity shall be no later than the seventh day after the requested date of such Borrowing) and the Termination Date.

(d) Letter of Credit Advances. The Borrower shall repay to the Administrative Agent for the account of the Issuing Banks and each Revolving Credit Lender that has made a Letter of Credit Advance the outstanding principal amount of each Letter of Credit Advance made by each of them on the earlier of (i) the date of demand therefor and (ii) the Termination Date.

Section 2.05 Termination or Reduction of Commitments. (a) Optional. The Borrower may, upon at least two Business Days' notice to the Administrative Agent, terminate in whole or reduce in part the unused portions of the Swing Line Facility and the Letter of Credit Sublimit, the Unused Term Commitments and the Unused Revolving Credit Commitments; provided, however, that each partial reduction shall be in an aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof.

(b) Mandatory.

(i) Upon the making of the Term Advances pursuant to Section 2.01(a), the Term Commitments shall be automatically and permanently reduced to zero.

(ii) The Revolving Credit Facility shall be automatically and permanently reduced (A) upon the entry of the Final Order by an amount equal to $50,000,000 and (B) on each date (prior to the date on which the Loan Parties shall have satisfied the conditions set forth in Section 3.03) on which prepayment thereof is required to be made pursuant to clause (i) of Section 2.06(b), by an amount equal to the applicable Reduction Amount.

(iii) The Letter of Credit Sublimit shall be automatically and permanently reduced from time to time on the date of each reduction in the Revolving Credit Facility by the amount, if any, by which the amount of the Letter of Credit Sublimit exceeds the Revolving Credit Facility after giving effect to such reduction of the Revolving Credit Facility.

(iv) The Swing Line Facility shall be permanently reduced from time to time on the date of each reduction in the Revolving Credit Facility by the amount, if any, by which the amount of the Swing Line Facility exceeds the Revolving Credit Facility after giving effect to such reduction of the Revolving Credit Facility.

(c) Application of Commitment Reductions. Upon each reduction of the Revolving Credit Facility pursuant to this Section 2.05, the Commitment of each of the Revolving Credit Lenders shall be reduced by such Revolving Credit Lender's Pro Rata Share of the amount by which the Revolving Credit Facility is reduced in accordance with the Lenders' respective Revolving Credit Commitments.

Section 2.06 Prepayments. (a) Optional. The Borrower may, upon at least one Business Day's notice to the Administrative Agent received not later than 11:00 A.M. (New York, New York time) stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding aggregate principal amount of Advances, in whole or ratably in part, together with accrued interest to the date of such prepayment on the aggregate principal amount prepaid; provided, however, that each partial prepayment shall be in an aggregate principal amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof or, if less, the aggregate outstanding principal amount of any Advance.

(b) Mandatory.

(i) The Borrower shall, within five Business Days after the date of receipt of any Net Cash Proceeds (or, (A) if the Borrower or its applicable Subsidiary has elected to reinvest such Net Cash Proceeds, on the 185th day after receipt of such Net Cash Proceeds, to the extent any such Net Cash Proceeds remain uninvested or (B) if the Borrower or its applicable Subsidiary has entered into a binding agreement with a third party to reinvest such Net Cash Proceeds within 180 days following the date of receipt of such Net Cash Proceeds, on the 275th day after receipt of such Net Cash Proceeds, to the extent any such Net Cash Proceeds remain uninvested) by any Loan Party or any of its Subsidiaries, prepay an aggregate principal amount of the Advances comprising part of the same Borrowings equal to such Net Cash Proceeds (or portion thereof); provided that the Borrower shall not be required to make any prepayment hereunder in respect of any transaction or series of related transactions as to which Net Cash Proceeds are not greater than $5,000,000 unless and until the aggregate amount of all Net Cash Proceeds that have not theretofore been applied to prepay the Advances pursuant to this Section 2.06(b)(i) exceeds $10,000,000. Each such prepayment shall be applied first ratably to the outstanding Term Advances and second to the Revolving Credit Facility as set forth in clause (iv) below.

(ii) The Borrower shall, on each Business Day, if applicable, prepay an aggregate principal amount of the Revolving Credit Advances comprising part of the same Borrowings, the Letter of Credit Advances and the Swing Line Advances or deposit an amount in the Collateral Account in an amount equal to the amount by which (A) the sum of (x) the aggregate principal amount of the Revolving Credit Advances, the Letter of Credit Advances and the Swing Line Advances then outstanding plus (y) the aggregate Available Amount of all Letters of Credit then outstanding exceeds (B) the Revolving Credit Availability Amount.

(iii) The Borrower shall, on each Business Day, if applicable, pay to the Administrative Agent for deposit in the L/C Cash Collateral Account an amount sufficient to cause the aggregate amount on deposit in such L/C Cash Collateral Account to equal the amount by which the aggregate Available Amount of all Letters of Credit then outstanding exceeds the Letter of Credit Sublimit on such Business Day.

(iv) Prepayments of the Revolving Credit Facility made pursuant to clause (i) and (ii) above shall be first applied to prepay Letter of Credit Advances then outstanding, if any, until such Advances are paid in full, second applied to prepay Swing Line Advances then outstanding until such Advances are paid in full, third applied ratably to prepay Revolving Credit Advances then outstanding, if any, comprising part of the same Borrowings until such Advances are paid in full and third, if required under Section 2.03(g), deposited in the L/C Cash Collateral Account; and, in the case of any prepayment of the Revolving Credit Facility pursuant to clause (i) above, the amount remaining, if any, from the Revolving Credit Facility's ratable portion of such Net Cash Proceeds after the prepayment of the Letter of Credit Advances and the Revolving Credit Advances then outstanding and any required cash collateralization of Letters of Credit then outstanding (the sum of such prepayment amounts, cash collateralization amounts and remaining amounts being referred to herein as the "Reduction Amount") may be retained by the Borrower for use in its business and operations in the ordinary course. Upon the drawing of any Letter of Credit for which funds are on deposit in the L/C Cash Collateral Account, such funds shall be applied to reimburse the applicable Issuing Bank or Revolving Credit Lenders, as applicable.

(v) All prepayments under this subsection (b) shall be made together with accrued interest to the date of such prepayment on the principal amount prepaid.

Section 2.07 Interest. (a) Scheduled Interest. The Borrower shall pay interest on each Term Advance and each Revolving Credit Advance owing to each Lender from the date of such Term Advance and each Revolving Credit Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (A) the Base Rate in effect from time to time plus (B) the Applicable Margin in effect from time to time, payable in arrears monthly on the first Business Day of each month during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (A) the Eurodollar Rate for such Interest Period for such Advance plus (B) the Applicable Margin in effect on the first day of such Interest Period, payable in arrears on the last Business Day of such Interest Period and, if such Interest Period has a duration of more than one month, on the first Business Day of each month that occurs during such Interest Period every month from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default the Borrower shall pay interest on (i) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a) above and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a) and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Advances pursuant to clause (a)(i) above.

(c) Notice of Interest Rate. Promptly after receipt of a Notice of Borrowing pursuant to Section 2.02(a), the Administrative Agent shall give notice to the Borrower and each Lender of the interest rate determined by the Administrative Agent for purposes of clause (a) above.

Section 2.08 Fees. (a) Commitment Fees. (i) The Borrower shall pay to the Administrative Agent for the account of the Revolving Credit Lenders a commitment fee, from the date hereof in the case of each such Initial Lender and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other such Lender until the Termination Date, payable in arrears on the Effective Date, thereafter quarterly on the first day of each month and on the Termination Date, at the rate of 0.375% per annum on the average daily unused portion of the Unused Revolving Credit Commitment of such Lender; provided, however, that no commitment fee shall accrue on any of the Commitments of a Defaulting Lender so long as such Lender shall be a Defaulting Lender.

(ii) The Borrower shall pay to the Administrative Agent for the account of the Term Lenders a commitment fee, from the date hereof in the case of each such Initial Lender and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other such Lender until the Termination Date, payable in arrears on the Effective Date, thereafter quarterly on the first day of each month and on the Termination Date, at the rate of 0.50% per annum on the average daily unused portion of the Unused Term

Commitment of such Lender; provided, however, that no Commitment fee shall accrue on any of the commitments of a Defaulting Lender so long as such Lender shall be a Defaulting Lender.

(b) Letter of Credit Fees, Etc.

(i) The Borrower shall pay to the Administrative Agent for the account of each Revolving Credit Lender a commission, payable in arrears on the first Business Day of each month, on the earliest to occur of the full drawing, expiration, termination or cancellation of any such Letter of Credit and on the Termination Date, on such Revolving Credit Lender's Pro Rata Share of the average daily aggregate Available Amount during such month of all Letters of Credit outstanding from time to time at a rate per annum equal to the Applicable Margin for Eurodollar Rate Advances under the Revolving Credit Facility.

(ii) The Borrower shall pay to the Issuing Banks, for their own account, (A) a fronting fee, payable in arrears on the first Business Day of each month and on the Termination Date, on the average daily amount of its Letter of Credit Commitment during such month, from the Effective Date until the Termination Date, at the rate of 0.25% per annum and (B) the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the Issuing Banks.

(c) Initial Lender Fees. The Borrower shall pay to the Administrative Agent for the account of the Initial Lenders (and their respective Affiliates) such other fees as may be from time to time agreed among the Borrower and the Initial Lenders (and their respective Affiliates).

Section 2.09 Conversion of Advances. (a) Optional. The Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Section 2.10, Convert all or any portion of the Advances of one Type comprising the same Borrowing into Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(c), no Conversion of any Advances shall result in more separate Borrowings than permitted under Section 2.02(c) and each Conversion of Advances comprising part of the same Borrowing shall be made ratably among the Lenders in accordance with their Commitments. Each such notice of Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for such Advances. Each notice of Conversion shall be irrevocable and binding on the Borrower.

(b) Mandatory.

(i) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $5,000,000, such Advances shall, at the end of the applicable Interest Period, automatically Convert into Base Rate Advances.

(ii) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrower and the Lenders, whereupon each such Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance.

(iii) Upon the occurrence and during the continuance of any Event of Default, (x) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (y) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

Section 2.10 Increased Costs, Etc. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender Party of agreeing to make or of making, funding or maintaining Eurodollar Rate Advances or of agreeing to issue or of issuing or maintaining or participating in Letters of Credit or of agreeing to make or of making or maintaining Letter of Credit Advances (excluding, for purposes of this Section 2.10, any such increased costs resulting from (x) Taxes or Other Taxes (as to which Section 2.12 shall govern) and (y) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender Party is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Lender Party (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender Party additional amounts sufficient to compensate such Lender Party for such increased cost; provided, however, that a Lender Party claiming additional amounts under this Section 2.10(a) agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender Party, be otherwise disadvantageous to such Lender Party. A certificate as to the amount of such increased cost, submitted to the Borrower by such Lender Party, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender Party determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender Party or any corporation controlling such Lender Party and that the amount of such capital is increased by or based upon the existence of such Lender Party's commitment to lend or to issue or participate in Letters of Credit hereunder and other commitments of such type or the issuance or maintenance of or participation in the Letters of Credit (or similar contingent obligations), then, upon demand by such Lender Party or such corporation (with a copy of such demand to the Administrative Agent), the Borrower shall pay to the Administrative Agent for the account of such Lender Party, from time to time as specified by such Lender Party, additional amounts sufficient to compensate such Lender Party in the light of such circumstances, to the extent that such Lender Party reasonably determines such increase in capital to be allocable to the existence of such Lender Party's commitment to lend or to issue or participate in Letters of Credit hereunder or to the issuance or maintenance of or participation in any Letters of Credit. A certificate as to such amounts submitted to the Borrower by such Lender Party shall be conclusive and binding for all purposes, absent manifest error.

(c) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon (i) each such Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower that such Lenders have determined that the circumstances causing such suspension no longer exist.

(d) Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any law or regulation shall make it unlawful, or any central bank or other governmental authority shall assert that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to continue to fund or maintain Eurodollar Rate Advances hereunder, then, on notice thereof and demand therefor by such Lender to the Borrower through the Administrative Agent, (i) each Eurodollar Rate Advance will automatically, upon such demand, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower that such Lender has determined that the circumstances causing such suspension no longer exist; provided, however, that, before making any such demand, such Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Eurodollar Lending Office if the making of such a designation would allow such Lender or its Eurodollar Lending Office to continue to perform its obligations to make Eurodollar Rate Advances or to continue to fund or maintain Eurodollar Rate Advances and would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender.

Section 2.11 Payments and Computations. (a) The Borrower shall make each payment hereunder and under the Notes, irrespective of any right of counterclaim or set-off (except as otherwise provided in Section 2.15), not later than 11:00 A.M. (New York, New York time) on the day when due (or, in the case of payments made by a Guarantor pursuant to Section 8.01, on the date of demand therefor) in U.S. dollars to the Administrative Agent at the Administrative Agent's Account in same day funds. The Administrative Agent will promptly thereafter cause like funds to be distributed (i) if such payment by the Borrower is in respect of principal, interest, commitment fees or any other Obligation then payable hereunder and under the Notes to more than one Lender Party, to such Lender Parties for the account of their respective Applicable Lending Offices ratably in accordance with the amounts of such respective Obligations then payable to such Lender Parties and (ii) if such payment by the Borrower is in respect of any Obligation then payable hereunder to one Lender Party, to such Lender Party for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 10.07(d), from and after the effective date of such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender Party assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) If the Administrative Agent receives funds for application to the Obligations under the Loan Documents under circumstances for which the Loan Documents do not specify the Advances to which, or the manner in which, such funds are to be applied, the Administrative Agent may, but shall not be obligated to, elect to distribute such funds to each Lender Party ratably in accordance with such Lender Party's proportionate share of the principal amount of all outstanding Advances and the Available Amount of all Letters of Credit then outstanding, in repayment or prepayment of such of the outstanding Advances or other Obligations owed to such Lender Party, and for application to such principal installments, as the Administrative Agent shall direct.

(c) The Borrower hereby authorizes each Lender Party, if and to the extent payment owed to such Lender Party is not made when due hereunder or, in the case of a Lender, under the Note held by such Lender, to charge from time to time against any or all of the Borrower's accounts with such Lender Party any amount so due. Each of the Lender Parties hereby agrees to notify the Borrower promptly after any such setoff and application shall be made by such Lender Party; provided, however, that the failure to give such notice shall not affect the validity of such charge.

(d) All computations of interest based on the Base Rate, of fees and Letter of Credit commissions shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Administrative Agent of an interest rate, fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

(e) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(f) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to any Lender Party hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each such Lender Party on such due date an amount equal to the amount then due such Lender Party. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each such Lender Party shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender Party together with interest thereon, for each day from the date such amount is distributed to such Lender Party until the date such Lender Party repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section 2.12 Taxes. (a) Except as otherwise provided herein, any and all payments by any Loan Party to or for the account of any Lender Party or any Agent hereunder or under any other Loan Document shall be made, in accordance with Section 2.11 or the applicable provisions of such other Loan Document, if any, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender Party and each Agent, (x) taxes, levies, imposts, deductions, charges or withholdings that are imposed on or measured by its overall net income and franchise taxes imposed in lieu thereof by the United States or by the state or foreign jurisdiction or any political subdivision thereof under the laws of which such Lender Party or such Agent, as the case may be, is organized or, in the case of each Lender Party, such Lender Party's Applicable Lending Office is located or (y) any branch profit taxes imposed by the United States of America (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings being hereinafter referred to as "Taxes"). If any Loan Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Lender Party or any Agent, subject to Section 2.12(f), (i) the sum payable by such Loan Party shall be increased as may be necessary so that after such Loan Party and the Administrative Agent have made all required deductions (including deductions applicable to additional sums payable under this Section 2.12) such Lender Party or such Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make all such deductions and (iii) such Loan Party shall pay the full amount deducted to the relevant taxing authority or other authority in accordance with applicable law.

(b) In addition, each Loan Party shall pay any present or future stamp, documentary, excise, property, intangible, mortgage recording or similar taxes, charges or levies that arise from any payment made by such Loan Party hereunder or under any other Loan Documents or from the execution,

delivery or registration of, performance under, or otherwise with respect to, this Agreement or the other Loan Documents (hereinafter referred to as "Other Taxes").

(c) Except as otherwise provided herein, the Loan Parties shall indemnify each Lender Party and each Agent for and hold them harmless against the full amount of Taxes and Other Taxes imposed on or paid by such Lender Party or such Agent (as the case may be) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender Party or such Agent (as the case may be) makes written demand therefor, which written demand shall be accompanied by copies of the applicable documentation evidencing the amount of such taxes.

(d) Within 30 days after the date of any payment of Taxes, the appropriate Loan Party shall furnish to the Administrative Agent, at its address referred to in Section 10.02, the original or a certified copy of a receipt evidencing such payment, to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Administrative Agent. In the case of any payment hereunder or under the other Loan Documents by or on behalf of a Loan Party through an account or branch outside the United States or by or on behalf of a Loan Party by a payor that is not a United States person, if such Loan Party determines that no Taxes are payable in respect thereof, such Loan Party shall furnish, or shall cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent stating that such payment is exempt from Taxes. For purposes of subsections (d) and (e) of this Section 2.12, the terms "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender Party organized under the laws of a jurisdiction outside the United States shall, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender Party and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender Party in the case of each other Lender Party, and from time to time thereafter as reasonably requested in writing by the Borrower (but only so long thereafter as such Lender Party remains lawfully able to do so), provide each of the Administrative Agent and Borrower with two original properly completed Internal Revenue Service Forms W-8BEN, W-8IMY or W-8ECI, (in the case of a Lender Party that has certified in writing to the Administrative Agent that it is not (i) a "bank" (within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code), (ii) a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of any Loan Party or (iii) a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Internal Revenue Code), Internal Revenue Service Form W-8BEN,) as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender Party is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the other Loan Documents or, in the case of a Lender Party that has certified that it is not a "bank" as described above, certifying that such Lender Party is a foreign corporation, partnership, estate or trust. If the forms provided by a Lender Party at the time such Lender Party first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender Party provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such forms; provided, however, that if, at the effective date of the Assignment and Acceptance pursuant to which a Lender Party becomes a party to this Agreement, the Lender Party assignor was entitled to payments under subsection (a) of this Section 2.12 in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender Party assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and

information required on the date hereof by Internal Revenue Service Form W-8BEN, W-8IMY, W-8ECI or any successor, or the related certificate described above, that the applicable Lender Party reasonably considers to be confidential, such Lender Party shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender Party has failed to provide the Borrower with the appropriate form, certificate or other document described in subsection (e) above (other than if such failure is due to a change in law, or in the interpretation or application thereof, occurring after the date on which a form, certificate or other document originally was required to be provided or if such form, certificate or other document otherwise is not required under subsection (e) above), such Lender Party shall not be entitled to increased payment or indemnification under subsection (a) or (c) of this Section 2.12 with respect to taxes imposed by the United States by reason of such failure; provided, however, that should a Lender Party become subject to taxes because of its failure to deliver a form, certificate or other document required hereunder, the Loan Parties shall take such steps as such Lender Party shall reasonably request to assist such Lender Party to recover such taxes.

(g) If any Lender Party determines, in its sole discretion, that it has actually and finally realized by reason of the refund of any Taxes paid or reimbursed by any Loan Party pursuant to subsection (a) or (c) above in respect of payments under the Loan Documents, a current monetary benefit that it would otherwise not have obtained, and that would result in the total payments under this Section 2.12 exceeding the amount needed to make such Lender Party whole, such Lender Party shall pay to the Borrower or other Loan Party, as the case may be, with reasonable promptness following the date on which it actually realizes such benefit, an amount equal to the lesser of the amount of such benefit or the amount of such excess, net of all out-of-pocket expenses in securing such refund.

Section 2.13 Sharing of Payments, Etc. If any Lender Party shall obtain at any time any payment, whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise (other than pursuant to Section 2.10, 2.12, 10.04 or 10.07), (a) on account of Obligations due and payable to such Lender Party hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender Party at such time (other than pursuant to Section 2.10, 2.12, 10.04 or 10.07) to (ii) the aggregate amount of the Obligations due and payable to all Lender Parties hereunder and under the Notes at such time) of payments on account of the Obligations due and payable to all Lender Parties hereunder and under the Notes at such time obtained by all the Lender Parties at such time or (b) on account of Obligations owing (but not due and payable) to such Lender Party hereunder and under the Notes at such time (other than pursuant to Section 2.10, 2.12, 10.04 or 10.07) in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing to such Lender Party at such time (other than pursuant to Section 2.10, 2.12, 10.04 or 10.07) to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lender Parties hereunder and under the Notes at such time) of payments on account of the Obligations owing (but not due and payable) to all Lender Parties hereunder and under the Notes at such time obtained by all of the Lender Parties at such time, such Lender Party shall forthwith purchase from the other Lender Parties such participations in the Obligations due and payable or owing to them, as the case may be, as shall be necessary to cause such purchasing Lender Party to share the excess payment ratably with each of them; provided, however, that, if all or any portion of such excess payment is thereafter recovered from such purchasing Lender Party, such purchase from each other Lender Party shall be rescinded and such other Lender Party shall repay to the purchasing Lender Party the purchase price to the extent of such Lender Party's ratable share (according to the proportion of (i) the purchase price paid to such Lender Party to (ii) the aggregate purchase price paid to all Lender Parties) of such recovery together with an amount equal to such Lender Party's ratable share (according to the proportion of (i) the amount of such other Lender Party's required repayment to (ii) the total amount so recovered from the purchasing Lender Party) of any interest or other amount paid or payable by the purchasing Lender Party

in respect of the total amount so recovered. The Borrower agrees that any Lender Party so purchasing a participation from another Lender Party pursuant to this Section 2.13 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender Party were the direct creditor of the Borrower in the amount of such participation.

Section 2.14 Use of Proceeds. The proceeds of (a) the Revolving Credit Advances, the Swing Line Advances and the Letters of Credit shall only be utilized (i)(A) to refinance the Existing Receivables Facility and (B) to satisfy the obligations under the Credit Card Program as of the Petition Date in the ordinary course of business, (ii) to pay costs and expenses in connection with such refinancing and the Cases, and (iii) to provide financing for working capital, letters of credit, capital expenditures and other general corporate purposes of the Borrower and the Guarantors, provided that not more than $200,000,000 in Available Amount of Letters of Credit may be issued to provide credit support for Foreign Subsidiaries of the Borrower and (b) the Term Advances shall only be utilized (i) to refinance Pre-Petition Secured Indebtedness and to repay Revolving Credit Advances on the date of the Term Advance, (ii) to pay costs and expenses in connection such refinancing and (iii) for other general corporate purposes of the Loan Parties, provided, however, that no amounts shall be paid pursuant to this Section 2.14 for fees and disbursements incurred by any Loan Party in connection with any assertion or prosecution of claims or causes of action against the Agents or any Lender Party, including, without limitation, (x) any objection to, the contesting in any manner of, or the raising of any defenses to, the validity, perfection, priority or enforceability of the Obligations under this Agreement or the Administrative Agent's Liens upon the Collateral, or (y) any other rights or interest of the Agents or the Lender Parties under the Loan Documents but not including assertions or prosecutions of claims and causes of action arising from an Agent's or a Lender's failure to perform hereunder; provided, further, that, the proceeds of the Advances shall be available, and the Borrower agrees that it shall use all such proceeds in a manner consistent with the most recent Thirteen Week Forecast.

Section 2.15 Defaulting Lenders. (a) In the event that, at any time, (i) any Lender Party shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Advance to the Borrower and (iii) the Borrower shall be required to make any payment hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then the Borrower may, to the fullest extent permitted by applicable law, set off and otherwise apply the Obligation of the Borrower to make such payment to or for the account of such Defaulting Lender against the obligation of such Defaulting Lender to make such Defaulted Advance. In the event that, on any date, the Borrower shall so set off and otherwise apply its obligation to make any such payment against the obligation of such Defaulting Lender to make any such Defaulted Advance on or prior to such date, the amount so set off and otherwise applied by the Borrower shall constitute for all purposes of this Agreement and the other Loan Documents an Advance by such Defaulting Lender made on the date under the Facility pursuant to which such Defaulted Advance was originally required to have been made pursuant to Section 2.01. Such Advance shall be considered, for all purposes of this Agreement, to comprise part of the Borrowing in connection with which such Defaulted Advance was originally required to have been made pursuant to Section 2.01, even if the other Advances comprising such Borrowing shall be Eurodollar Rate Advances on the date such Advance is deemed to be made pursuant to this subsection (a). The Borrower shall notify the Administrative Agent at any time the Borrower exercises its right of set-off pursuant to this subsection (a) and shall set forth in such notice (A) the name of the Defaulting Lender and the Defaulted Advance required to be made by such Defaulting Lender and (B) the amount set off and otherwise applied in respect of such Defaulted Advance pursuant to this subsection (a). Any portion of such payment otherwise required to be made by the Borrower to or for the account of such Defaulting Lender which is paid by the Borrower, after giving effect to the amount set off and otherwise applied by the Borrower pursuant to this subsection (a), shall be applied by the Administrative Agent as specified in subsection (b) or (c) of this Section 2.15.

(b) In the event that, at any time, (i) any Lender Party shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Amount to the Administrative Agent or any of the other Lender Parties and (iii) the Borrower shall make any payment hereunder or under any other Loan Document to the Administrative Agent for the account of such Defaulting Lender, then the Administrative Agent may, on its behalf or on behalf of such other Lender Parties and to the fullest extent permitted by applicable law, apply at such time the amount so paid by the Borrower to or for the account of such Defaulting Lender to the payment of each such Defaulted Amount to the extent required to pay such Defaulted Amount. In the event that the Administrative Agent shall so apply any such amount to the payment of any such Defaulted Amount on any date, the amount so applied by the Administrative Agent shall constitute for all purposes of this Agreement and the other Loan Documents payment, to such extent, of such Defaulted Amount on such date. Any such amount so applied by the Administrative Agent shall be retained by the Administrative Agent or distributed by the Administrative Agent to such other Lender Parties, ratably in accordance with the respective portions of such Defaulted Amounts payable at such time to the Administrative Agent and such other Lender Parties and, if the amount of such payment made by the Borrower shall at such time be insufficient to pay all Defaulted Amounts owing at such time to the Administrative Agent and the other Lender Parties, in the following order of priority:

(i) first, to the Administrative Agent for any Defaulted Amount then owing to the Administrative Agent in its capacity as Administrative Agent; and

(ii) second, to the Issuing Banks and the Swing Line Lender for any Defaulted Amounts then owing to them, in their capacities as such, ratably in accordance with such respective Defaulted Amounts then owing to the Issuing Banks and the Swing Line Lender; and

(iii) third, to any other Lender Parties for any Defaulted Amounts then owing to such other Lender Parties, ratably in accordance with such respective Defaulted Amounts then owing to such other Lender Parties.

Any portion of such amount paid by the Borrower for the account of such Defaulting Lender remaining, after giving effect to the amount applied by the Administrative Agent pursuant to this subsection (b), shall be applied by the Administrative Agent as specified in subsection (c) of this Section 2.15.

(c) In the event that, at any time, (i) any Lender Party shall be a Defaulting Lender, (ii) such Defaulting Lender shall not owe a Defaulted Advance or a Defaulted Amount and (iii) the Borrower, the Administrative Agent or any other Lender Party shall be required to pay or distribute any amount hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then the Borrower or such other Lender Party shall pay such amount to the Administrative Agent to be held by the Administrative Agent, to the fullest extent permitted by applicable law, in escrow or the Administrative Agent shall, to the fullest extent permitted by applicable law, hold in escrow such amount otherwise held by it. Any funds held by the Administrative Agent in escrow under this subsection (c) shall be deposited by the Administrative Agent in an account with Citibank, N.A., in the name and under the control of the Administrative Agent, but subject to the provisions of this subsection (c). The terms applicable to such account, including the rate of interest payable with respect to the credit balance of such account from time to time, shall be Citibank, N.A.'s standard terms applicable to escrow accounts maintained with it. Any interest credited to such account from time to time shall be held by the Administrative Agent in escrow under, and applied by the Administrative Agent from time to time in accordance with the provisions of, this subsection (c). The Administrative Agent shall, to the fullest extent permitted by applicable law, apply all funds so held in escrow from time to time to the extent necessary to make any Advances required to be made by such Defaulting Lender and to pay any amount payable by such Defaulting Lender hereunder and under the other Loan Documents to the Administrative Agent or any other Lender Party, as and when such Advances or amounts are required to be made or paid

and, if the amount so held in escrow shall at any time be insufficient to make and pay all such Advances and amounts required to be made or paid at such time, in the following order of priority:

(i) first, to the Administrative Agent for any amount then due and payable by such Defaulting Lender to the Administrative Agent hereunder in its capacity as Administrative Agent;

(ii) second, to the Issuing Banks and the Swing Line Lender for any amounts then due and payable to them hereunder, in their capacities as such, by such Defaulting Lender, ratably in accordance with such respective amounts then due and payable to the Issuing Banks and the Swing Line Lender;

(iii) third, to any other Lender Parties for any amount then due and payable by such Defaulting Lender to such other Lender Parties hereunder, ratably in accordance with such respective amounts then due and payable to such other Lender Parties; and

(iv) fourth, to the Borrower for any Advance then required to be made by such Defaulting Lender pursuant to a Commitment of such Defaulting Lender.

In the event that any Lender Party that is a Defaulting Lender shall, at any time, cease to be a Defaulting Lender, any funds held by the Administrative Agent in escrow at such time with respect to such Lender Party shall be distributed by the Administrative Agent to such Lender Party and applied by such Lender Party to the Obligations owing to such Lender Party at such time under this Agreement and the other Loan Documents ratably in accordance with the respective amounts of such Obligations outstanding at such time.

(d) The rights and remedies against a Defaulting Lender under this Section 2.15 are in addition to other rights and remedies that the Borrower may have against such Defaulting Lender with respect to any Defaulted Advance and that the Administrative Agent or any Lender Party may have against such Defaulting Lender with respect to any Defaulted Amount.

Section 2.16 Evidence of Debt. (a) The Advances made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Advances made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Advances in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, amount and maturity of its Advances and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

Section 2.17 Priority and Liens. Subject to the limitations and exclusions set forth in Section 9.01(e)(iii) hereof, each of the Borrower and each Guarantor hereby covenants, represents and warrants that, upon entry of the Interim Order, the Obligations of the Borrower and such Guarantor hereunder and under the Loan Documents: (i) pursuant to Section 364(c)(1) of the Bankruptcy Code, shall at all times constitute an allowed Superpriority Claim; (ii) pursuant to Section 364(c)(2) of the Bankruptcy Code, shall at all times be secured by a perfected first priority Lien on all unencumbered tangible and intangible property of the Borrower and such Guarantor and on all cash maintained in the L/C Cash Collateral Account and any investments of the funds contained therein, including any such property that is subject to valid and perfected Liens in existence on the Petition Date, which Liens are thereafter released or otherwise extinguished in connection with the satisfaction of the obligations secured by such Liens (excluding any avoidance actions under the Bankruptcy Code (but including the proceeds therefrom)); (iii) pursuant to Section 364(c)(3) of the Bankruptcy Code, shall be secured by a perfected Lien upon all real, personal and mixed property of the Borrower and such Guarantor that is subject to valid and perfected liens in existence on the Petition Date, junior to such valid and perfected Liens; and (iv) pursuant to Section 364(d)(1), shall be secured by a perfected priming Lien upon all tangible and intangible property of the Borrower and such Guarantor that presently secure the Pre-Petition Secured Indebtedness, subject and subordinated in each case with respect to clauses (i) through (iv) above, only to the Carve-Out. Except for the Carve-Out having priority over the Obligations, the Superpriority Claims shall at all times be senior to the rights of the Borrower, each Guarantor, any chapter 11 trustee and, subject to section 726 of the Bankruptcy Code, any chapter 7 trustee, or any other creditor (including, without limitation, post-petition counterparties and other post-petition creditors) in the Cases or any subsequent proceedings under the Bankruptcy Code, including, without limitation, any chapter 7 cases if any of the Borrower's or the Guarantor's cases are converted to cases under chapter 7 of the Bankruptcy Code.

Section 2.18 Payment of Obligations. Subject to the provisions of Section 6.01 and the DIP Financing Orders, upon the maturity (whether by acceleration or otherwise) of any of the Obligations under this Agreement or any of the other Loan Documents of the Borrower and the Guarantors, the Lender Parties shall be entitled to immediate payment of such Obligations without further application to or order of the Bankruptcy Court.

Section 2.19 No Discharge: Survival of Claims. Each of the Borrower and each Guarantor agree that (i) its obligations hereunder shall not be discharged by the entry of an order confirming any Reorganization Plan (and each of the Borrower and each Guarantor, pursuant to Section 1141(d)(4) of the Bankruptcy Code hereby waives any such discharge), (ii) the Superpriority Claim granted to the Administrative Agent and the Lender Parties pursuant to the Order and described in Section 2.17 and the Liens granted to the Administrative Agent and the Lender Parties pursuant to the Order and described in Section 2.17 shall not be affected in any manner by the entry of any order by the Bankruptcy Court, including an order confirming any Reorganization Plan, and (iii) notwithstanding the terms of any Reorganization Plan, its Obligations hereunder and under each other Loan Document shall be repaid in full in accordance with the terms hereof and the terms of each other Loan Document, the Interim Order, and the Final Order.

Section 2.20 Replacement of Certain Lenders.

In the event a Lender ("Affected Lender") shall have (i) become a Defaulting Lender under Section 2.15, (ii) requested compensation from the Borrowers under Section 2.12 with respect to Taxes or Other Taxes or with respect to increased costs or capital or under Section 2.10 or other additional costs incurred by such Lender which, in any case, are not being incurred generally by the other Lenders, or (iii) delivered a notice pursuant to Section 2.10(d) claiming that such Lender is unable to extend Eurodollar Rate Advances to the Borrower for reasons not generally applicable to the other

Lenders, then, in any case, the Borrower or the Administrative Agent may make written demand on such Affected Lender (with a copy to the Administrative Agent in the case of a demand by the Borrower and a copy to the Borrower in the case of a demand by the Administrative Agent) for the Affected Lender to assign, and such Affected Lender shall use commercially reasonable efforts to assign pursuant to one or more duly executed Assignments and Acceptances 5 Business Days after the date of such demand, to one or more financial institutions that comply with the provisions of Section 10.07 which the Borrower or the Administrative Agent, as the case may be, shall have engaged for such purpose ("Replacement Lender"), all of such Affected Lender's rights and obligations under this Agreement and the other Loan Documents (including, without limitation, its Commitment, all Advances owing to it, all of its participation interests in existing Letters of Credit, and its obligation to participate in additional Letters of Credit hereunder) in accordance with Section 10.07. The Administrative Agent is authorized to execute one or more of such Assignments and Acceptances as attorney-in-fact for any Affected Lender failing to execute and deliver the same within 5 Business Days after the date of such demand. Further, with respect to such assignment, the Affected Lender shall have concurrently received, in cash, all amounts due and owing to the Affected Lender hereunder or under any other Loan Document; provided that upon such Affected Lender's replacement, such Affected Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.10 and 10.04, as well as to any fees accrued for its account hereunder and not yet paid, and shall continue to be obligated under Section 7.07 with respect to losses, obligations, liabilities, damages, penalties, actions, judgments, costs, expenses or disbursements for matters which occurred prior to the date the Affected Lender is replaced.

ARTICLE III

CONDITIONS TO EFFECTIVENESS

Section 3.01 Conditions Precedent to Effectiveness. The effectiveness of this agreement, the obligation of the Revolving Credit Lenders to make Revolving Credit Advance up to the Revolving Credit Availability Amount then in effect, the obligation of the Initial Swing Line Lender to make the initial Swing Line Advance and obligation of the Initial Issuing Banks to issue the initial Letter of Credit are, in each case, subject to the satisfaction of the following conditions precedent (other than those conditions specified in Schedule 5.01(n)(iii)):

(a) The Administrative Agent shall have received on or before the Effective Date the following, each dated such day (unless otherwise specified), in form and substance reasonably satisfactory to the Initial Lenders (unless otherwise specified) and (except for the Notes) in sufficient copies for each Initial Lender:

(i) The Notes payable to the order of the Lenders to the extent requested in accordance with Section 2.16(a).

(ii) Certified copies of the resolutions of the Boards of Directors of each of the Borrower and each Guarantor approving the execution and delivery of this Agreement, and of all documents evidencing other necessary constitutive action and, if any, governmental and other third party approvals and consents, if any, with respect to this Agreement and each other Loan Document other than any approval required and granted pursuant to the Interim Order.

(iii) A copy of the charter or other constitutive document of each Guarantor and each amendment thereto, certified (as of a date on or after November 15, 2005) by

the Secretary of State of the jurisdiction of its incorporation or organization, as the case may be, thereof as being a true and correct copy thereof.

(iv) A certificate of each of the Borrower and each Material Guarantor signed on behalf of the Borrower and such Guarantor, respectively, by its President or a Vice President and its Secretary or any Assistant Secretary, dated the Effective Date (the statements made in which certificate shall be true on and as of the Effective Date), certifying as to (A) the accuracy and completeness of the charter of the Borrower or such Guarantor and the absence of any changes thereto; (B) the accuracy and completeness of the bylaws of the Borrower or such Guarantor as in effect on the date on which the resolutions of the board of directors (or persons performing similar functions) of such Person referred to in Section 3.01(a)(ii) were adopted and the absence of any changes thereto (a copy of which shall be attached to such certificate); (C) the absence of any proceeding known to be pending for the dissolution, liquidation or other termination of the existence of the Borrower or any Guarantor; (D) the accuracy in all material respects of the representations and warranties made by the Borrower or such Guarantor in the Loan Documents to which it is or is to be a party as though made on and as of the Effective Date, before and after giving effect to all of the Borrowings and the issuance of all of the Letters of Credit to be made on such date and to the application of proceeds, if any, therefrom; and (E) the absence of any event occurring and continuing, or resulting from any of the Borrowings or the issuance of any of the Letters of Credit to be made on the Effective Date or the application of proceeds, if any, therefrom, that would constitute a Default.

(v) A certificate of the Secretary or an Assistant Secretary of each of the Borrower and each Material Guarantor certifying the names and true signatures of the officers of the Borrower and such Guarantor, respectively, authorized to sign this Agreement and the other documents to be delivered hereunder.

(vi) The following: (A) such certificates representing the Initial Pledged Equity of domestic entities referred to on Schedule V hereto, accompanied by undated stock powers, duly executed in blank, and such instruments evidencing the Initial Pledged Debt referred to on Schedule V hereto, duly indorsed in blank, as the Loan Parties may be able to deliver using their reasonable best efforts, (B) proper financing statements (Form UCC-1 or a comparable form) under the UCC of all jurisdictions that the Initial Lenders may deem necessary or desirable in order to perfect and protect the liens and security interest created or purported to be created under Article IX hereof, covering the Collateral described in Article IX hereof, in each case completed in a manner reasonably satisfactory to the Lender Parties, and (C) evidence of insurance as reasonably requested by the Initial Lenders.

(vii) An intellectual property security agreement (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Intellectual Property Security Agreement"), duly executed by each Loan Party, together with evidence that all actions that the Initial Lenders may deem reasonably necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Intellectual Property Security Agreement have been taken or will be taken in accordance with the terms of the Loan Documents.

(viii) A Thirteen Week Forecast detailing the Borrower's anticipated cash receipts and disbursements reasonably satisfactory in form and substance to the Initial Lenders.

(ix) A Notice of Borrowing for any Borrowing to be made, and/or one or more Letter of Credit Applications for each Letter of Credit to be issued, on the Effective Date.

(x) A favorable opinion of (A) Jones Day, counsel to the Loan Parties, in substantially the form of Exhibit D-1 hereto, and addressing such other matters as the Initial Lenders may reasonably request, (B) Hunton & Williams LLP, Virginia and Delaware counsel to the Loan Parties, in substantially the form of Exhibit D-2 hereto, and addressing such other matters as the Initial Lenders may reasonably request and (C) Shumaker, Loop & Kendrick, LLP, Michigan counsel to the Loan Parties, in substantially the form of Exhibit D-3 hereto and addressing such other matters as the Initial Lenders may reasonably request.

(b) Interim Order. At the time of the Initial Extension of Credit, the Bankruptcy Court shall have entered an order in substantially the form of Exhibit E (the "Interim Order") approving the Loan Documents and granting the Superpriority Claim status and the Liens described in Section 2.17.

(c) First Day Orders. All of the First Day Orders entered by the Bankruptcy Court at the time of commencement of the Cases shall be in form and substance reasonably satisfactory to the Initial Lenders.

(d) Payment of Fees. The Borrower shall have paid all accrued fees and expenses of the Lead Arrangers, the Administrative Agent and the Initial Lenders.

Section 3.02 Conditions Precedent to Each Borrowing and Each Issuance of a Letter of Credit. Each of (a) the obligation of each Appropriate Lender to make an Advance (other than a Letter of Credit Advance to be made by the Issuing Banks or a Lender pursuant to Section 2.03(c) and as set forth in Section 2.02(b) with respect to the Swing Line Advances made by a Lender) on the occasion of each Borrowing, and (b) the obligation of the Issuing Banks to issue a Letter of Credit (including the initial issuance of a Letter of Credit hereunder) or to renew a Letter of Credit and the right of the Borrower to request a Swing Line Borrowing, shall be subject to the further conditions precedent that on the date of such Borrowing, issuance or renewal:

(i) the following statements shall be true (and each of the giving of the applicable Notice of Borrowing or Letter of Credit Application and the acceptance by the Borrower of the proceeds of such Borrowing or the issuance or renewal of such Letter of Credit, as the case may be, shall constitute a representation and warranty by the Borrower that both on the date of such notice and on the date of such Borrowing, issuance or renewal such statements are true):

(A) the representations and warranties contained in each Loan Document, are correct in all material respects on and as of such date, before and after giving effect to such Borrowing, issuance or renewal and to the application of the proceeds therefrom, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Borrowing, issuance or renewal, in which case as of such specific date;

(B) no event has occurred and is continuing, or would result from such Borrowing, issuance or renewal or from the application of the proceeds, if any, therefrom, that constitutes a Default; and

(C) the Interim Order is in full force and effect and has not been stayed, reversed, modified or amended in any respect without the prior written consent of the Initial Lenders, provided that at the time of the making of any Advance or the issuance of any Letter of Credit the amount of either of which, when added to the sum of the aggregate Advances outstanding and the aggregate Available Amount of all Letters of Credit then outstanding, would exceed the amount authorized by the Interim Order (collectively, the "Additional Credit"), the Administrative Agent and each of the Lenders shall have received a copy of an order of the Bankruptcy Court in substantially the form of Exhibit F hereto (the "Final Order"), which, in any event, shall have been entered by the Bankruptcy Court no later than 45 days after entry of the Interim Order and at the time of the extension of any Additional Credit the Final Order shall be in full force and effect, shall authorize extensions of credit in respect of the Revolving Credit Facility and the Swing Line Facility in the aggregate amount up to the Revolving Credit Availability Amount and in respect of the Term Facility in the amount up to $700,000,000, and shall not have been stayed, reversed, modified or amended in any respect that is adverse to the Lender Parties without the prior written consent of the Initial Lenders; and if either the Interim Order or the Final Order is the subject of a pending appeal in any respect, neither the making of Advances nor the issuance of any Letter of Credit nor the performance by the Borrower or the Guarantor of any of their respective obligations under any of the Loan Documents shall be the subject of a presently effective stay pending appeal; and

Section 3.03 Conditions Precedent to the Term Borrowing. The obligation of each Term Lender to make its Term Loan is subject to the satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received a Notice of Borrowing with respect to such Borrowing as required by Section 2.02.

(b) The Final Order shall have been entered by the Bankruptcy Court.

(c) The Borrower shall have furnished to the Administrative Agent (i) the DIP Budget, which shall be reasonably satisfactory to the Administrative Agent and the Initial Lenders and (ii) the unaudited Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2005, and the related unaudited Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the Fiscal Year then ended, each in form and substance reasonably satisfactory to the Initial Lenders.

(d) The Loan Parties and the Lenders shall have entered into the Borrowing Base Amendment.

(e) The Borrower shall have used commercially reasonable efforts to obtain debt ratings for the Facilities from each of Moody's and S&P.

(f) The Borrower shall have paid to the Administrative Agent and the Lead Arrangers the then unpaid balance of all accrued and unpaid fees of the Administrative Agent and the Lead Arrangers, and the reasonable fees and out-of-pocket expenses of counsel to the Administrative Agent and the Lead Arrangers as to which invoices have been issued.

(g) The conditions set forth in Sections 3.01 and 3.02 shall have been satisfied.

Section 3.04 Determinations Under Sections 3.01 and 3.03. For purposes of determining compliance with the conditions specified in Sections 3.01 and 3.03, each Lender Party shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender Parties unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender Party prior to the Effective Date specifying its objection thereto, and if a Borrowing occurs on the Effective Date, such Lender Party shall not have made available to the Administrative Agent such Lender Party's ratable portion of such Borrowing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties of the Loan PartiesEach Loan Party represents and warrants as follows:

(a) Each of the Borrower and its Material Subsidiaries (i) is a corporation, partnership, limited liability company or other organization duly organized, validly existing and in good standing (or to the extent such concept is applicable to a non-U.S. entity, the functional equivalent thereof) under the laws of the jurisdiction of its incorporation or formation except where the failure to be in good standing (or the functional equivalent), individually or in the aggregate, would not have a Material Adverse Effect, (ii) is duly qualified as a foreign corporation (or other entity) and in good standing (or the functional equivalent thereof, if applicable) in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed, except where the failure to so qualify or be licensed and in good standing (or the functional equivalent thereof, if applicable), individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, and (iii) subject to the entry of the Interim Order by the Bankruptcy Court, has all requisite power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted, except where the failure to have such power or authority, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. As of the Effective Date, all of the outstanding capital stock of each Loan Party (other than the Borrower) has been validly issued, is fully paid and non-assessable and is owned by the Persons listed on Schedule 4.01 hereto in the percentages specified on Schedule 4.01 hereto free and clear of all Liens, except those created under the Collateral Documents or otherwise permitted under Section 5.02(a) hereof.

(b) Set forth on Schedule 4.01 hereto is a complete and accurate list of all Subsidiaries of the Borrower (other than DCC and its Subsidiaries as of the Effective Date), showing as of the Effective Date (as to each such Subsidiary) the jurisdiction of its incorporation or organization, as the case may be, and the percentage of the Equity Interests owned (directly or indirectly) by the Borrower or its Subsidiaries.

(c) The execution, delivery and performance by each Loan Party of this Agreement, the Notes and each other Loan Document to which it is or is to be a party, and the consummation of each aspect of the transactions contemplated hereby, are within such Loan Party's constitutive powers, have been duly authorized by all necessary constitutive action, and do not (i) contravene such Loan Party's constitutive documents, (ii) subject to the entry of the Interim Order by the

Bankruptcy Court, violate any applicable law (including, without limitation, the Securities Exchange Act of 1934), rule, regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting any Loan Party, or any of their properties entered into by such Loan Party after the Petition Date except, in each case, other than any conflict, breach or violation which, individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect or (iv) except for the Liens created under the Loan Documents, the Interim Order and the Final Order, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Loan Party or any of its Subsidiaries.

(d) Except for the entry of the DIP Financing Orders, filings or recordings already made or to be made pursuant to any federal law, rule or regulation or filings or recordings to be made in any jurisdiction outside of the United States, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by any Loan Party of this Agreement, the Notes or any other Loan Document to which it is or is to be a party, or for the consummation of each aspect of the transactions contemplated hereby, (ii) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens created under the Collateral Documents (including the requisite priority set forth in the DIP Financing Orders) or (iv) subject to the DIP Financing Orders, the exercise by the Administrative Agent or any Lender Party of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents.

(e) This Agreement has been, and each of the Notes, if any, and each other Loan Document when delivered hereunder will have been, duly executed and delivered by each Loan Party thereto. This Agreement is, and each of the Notes and each other Loan Document when delivered hereunder will be, subject to the entry of the Interim Order by the Bankruptcy Court, the legal, valid and binding obligation of each Loan Party thereto, enforceable against such Loan Party in accordance with its terms.

(f) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2004, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the Fiscal Year then ended, and the interim Consolidated balance sheets of the Borrower and its Subsidiaries as at March 31, 2005, June 30, 2005, and September 30, 2005 and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the respective periods then ended, in each case as restated, which have been furnished to each Lender Party present fairly the financial condition and results of operations of the Borrower and its Subsidiaries as of such dates and for such periods all in accordance with GAAP consistently applied (subject to year-end adjustments and in the case of unaudited financial statements, except for the absence of footnote disclosure). Since December 31, 2004, there has not occurred a Material Adverse Change.

(g) The DIP Budget and all projected Consolidated balance sheets, income statements and cash flow statements of the Borrower and its Subsidiaries delivered to the Lender Parties pursuant to Section 5.03(f) were prepared and will be prepared, as applicable, in good faith on the basis of the assumptions stated therein, which assumptions were fair and will be fair in the light of conditions existing at the time of delivery of such DIP Budget or projections, as the case may be, and represented and will represent, at the time of delivery, the Borrower's best estimate of its future financial performance.

(h) Neither the Confidential Information Memorandum nor any other written information, exhibits and reports furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender Party on or after February 4, 2006 in connection with any Loan Document (other than to the extent that any such information, exhibits and reports constitute projections described in Section 4.01(g) above and any historical financial information delivered prior to the restatement thereof by the Borrower and its auditors) taken as a whole and in light of the circumstances in which made, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein, in light of the circumstances in which any such statements were made, not misleading.

(i) Except as set forth on Schedule 4.01(i) or as disclosed in any SEC filings, there is no action, suit, or proceeding affecting the Borrower or any of its Material Subsidiaries pending or, to the best knowledge of the Loan Parties, threatened before any court, governmental agency or arbitrator that (i) is reasonably expected to be determined adversely to the Loan Party and, if so adversely determined, would reasonably be expected to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement, any Note or any other Loan Document.

(j) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Advance or any drawing under any Letter of Credit will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

(k) Other than the filing of the Cases and events related to such filing, no ERISA Event has occurred or is reasonably expected to occur with respect to any Plan that has resulted in or is reasonably expected to result in a Material Adverse Effect.

(l) The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan by an amount which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans by an amount which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower, its Material Subsidiaries, nor any ERISA Affiliates has incurred or is reasonably expected to incur any material withdrawal liability (as defined in Part I of Subtitle E of Title IV of ERISA) under any multiemployer plan.

(m) Except as set forth in Schedule 4.01(m) hereto, the operations and properties of each Loan Party and each of its Material Subsidiaries comply with all applicable Environmental Laws and Environmental Permits except for non-compliance that could not be reasonably likely to have a Material Adverse Effect, all past non compliance with such Environmental Laws and Environmental Permits has been resolved in a manner that could not be reasonably likely to have a Material Adverse Effect, and, to the knowledge of the Loan Parties after reasonable inquiry, no circumstances exist that would be reasonably likely to (i) form the basis of an Environmental Action against any Loan Party or any of its Material Subsidiaries or any of their properties that could be reasonably likely to have a Material Adverse Effect or (ii) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law that could be reasonably likely to have a Material Adverse Effect.

(n) The DIP Financing Orders and the Collateral Documents create a valid and perfected security interest in the Collateral having the priority set forth therein securing the payment of the Secured Obligations, and all filings and other actions necessary or desirable, as determined in the reasonable discretion of the Initial Lenders, to perfect and protect such security interest have been duly taken, except that the execution and delivery of local law governed pledge or analogous documentation with respect to Equity Interests in Subsidiaries of the Borrower organized in jurisdictions outside the United States, and the filing, notarization, registration or other publication thereof, and the taking of other actions, if any, required under local law of the relevant jurisdictions of organization for the effective grant and perfection of a Lien on such Equity Interests under laws of such jurisdictions of organization outside the United States, may be required in order to fully grant, perfect and protect such security interest under such local laws. The Loan Parties are the legal and beneficial owners of the Collateral free and clear of any Lien, except for the liens and security interests created or permitted under the Loan Documents.

(o) Neither the making of any Advances, nor the issuance of any Letters of Credit, nor the application of the proceeds or repayment thereof by the Borrowers, nor the consummation of the other transactions contemplated by the Loan Documents, will violate any provision of the Investment Company Act of 1940, as amended, or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(p) Each Loan Party and each of its Subsidiaries has filed or caused to be filed all tax returns and reports (federal, state, local and foreign) which are required to have been filed and has paid or caused to be paid all taxes required to have been paid by it, together with applicable interest and penalties, except (a) taxes that are being contested in good faith by appropriate proceedings and for which such Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

ARTICLE V

COVENANTS OF THE LOAN PARTIES

Section 5.01 Affirmative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, each Loan Party will:

(a) Corporate Existence. Preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except (i)(A) if in the reasonable business judgment of the Borrower or such Guarantor, as the case may be, it is in its best economic interest not to preserve and maintain such rights, privileges, qualifications, permits, licenses and franchises and the loss thereof is not materially disadvantageous to the Loan Parties, taken as a whole, and (B) such failure to preserve the same could not, in the aggregate, reasonably be expected to have a Material Adverse Effect, and (ii) as otherwise permitted by Section 5.02(h).

(b) Compliance with Laws. Comply with all laws, rules, regulations and orders of any governmental authority applicable to it or its property, such compliance to include without limitation, ERISA, Environmental Laws and The Racketeer Influenced and Corrupt Organizations Chapter of The Organized Crime Control Act of 1970, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(c) Insurance. Keep its insurable properties insured at all times, against such risks, including fire and other risks insured against by extended coverage, as is customary with companies of the same or similar size in the same or similar businesses (subject to deductibles and including provisions for self-insurance); and maintain in full force and effect public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by the Borrower or any Guarantor, as the case may be, in such amounts and with such deductibles as are customary with companies of the same or similar size in the same or similar businesses and in the same geographic area and in each case with financially sound and reputable insurance companies (subject to provisions for self-insurance).

(d) Obligations and Taxes. Pay all its obligations arising after the Petition Date promptly and in accordance with their terms and pay and discharge and cause each of its Subsidiaries to pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property arising, or attributed to the period, after the Petition Date, before the same shall become in default, as well as all lawful claims for labor, materials and supplies or otherwise arising after the Petition Date which, if unpaid, would become a Lien or charge upon such properties or any part thereof; provided, however, that the Borrower and each Guarantor shall not be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the (i) payment or discharge thereof shall be stayed by Section 362(a)(8) of the Bankruptcy Code, or (ii) the validity or amount thereof shall be contested in good faith by appropriate proceedings, in each case, if the Borrower and the Guarantors shall have set aside on their books adequate reserves therefor in conformity with GAAP.

(e) Access to Books and Records.

(i) Maintain or cause to be maintained at all times true and complete books and records in accordance with GAAP of the financial operations of the Borrower and the Guarantors; and provide the Lender Parties and their representatives access to all such books and records during regular business hours upon reasonable advance notice, in order that the Lender Parties may examine and make abstracts from such books, accounts, records and other papers for the purpose of verifying the accuracy of the various reports delivered by the Borrower or the Guarantors to any Agent or the Lenders pursuant to this Agreement or for otherwise ascertaining compliance with this Agreement and to discuss the affairs, finances and condition of the Borrower and the Guarantors with the officers and independent accountants of the Borrower; provided that the Borrower shall have the right to be present at any such visit or inspection.

(ii) Grant the Lender Parties access to and the right to inspect all reports, audits and other internal information of the Borrower and the Guarantors relating to environmental matters upon reasonable advance notice, but subject to appropriate limitations so as to preserve attorney-client privilege.

(iii) At any reasonable time and from time to time during regular business hours, upon reasonable notice, permit the Initial Lenders and/or any representatives designated by the Initial Lenders (including any consultants, accountants, lawyers and appraisers retained by the Initial Lenders) to visit the properties of the Borrower and the Guarantors to conduct evaluations, appraisals, environmental assessments and ongoing maintenance and monitoring in connection with the Borrower's computation of the Borrowing Base and the assets included in the Borrowing Base and such other assets and properties of the Borrower or its Subsidiaries as the Initial Lenders may require, and to monitor the Collateral and all related systems; provided that the Borrower

shall have the right to be present at any such visit and, unless an Event of Default has occurred and is continuing, such visits permitted under this clause (iii) shall be coordinated through the Administrative Agent and shall be made no more frequently than once in any fiscal quarter.

(f) Use of Proceeds. Use the proceeds of the Advances solely for the purposes, and subject to the restrictions, set forth in Section 2.14.

(g) Restructuring Advisor; Financial Advisor. Retain at all times (i) a restructuring advisor and (ii) a financial advisor that, in each case, has substantial experience and expertise advising Chapter 11 debtors-in-possession in large and complex bankruptcy cases; provided that the Loan Parties shall be permitted to replace any such advisor with any another advisor satisfying the requirements of this subsection (g) and shall be permitted a period a time (not to exceed 10 Business Days) to file an application with the Bankruptcy Court to employ such replacement advisor.

(h) Priority. Acknowledge pursuant to Section 364(c)(1) of the Bankruptcy Code, the Obligations of the Loan Parties hereunder and under the other Loan Documents constitute allowed Superpriority Claims.

(i) Validity of Loan Documents. Use its best efforts to object to any application made on behalf of any Loan Party or by any Person to the validity of any Loan Document or the applicability or enforceability of any Loan Document or which seeks to void, avoid, limit, or otherwise adversely affect the security interest created by or in any Loan Document or any payment made pursuant thereto.

(j) Maintenance of Cash Management System. Maintain a cash management system on terms reasonably acceptable to the Initial Lenders, it being acknowledged that the Cash Management System of the Borrower as in effect on the Effective Date is reasonably acceptable to the Initial Lenders.

(k) Account Control Agreements. (i) Maintain, with respect to lockbox or other blocked accounts maintained in connection with the Existing Receivables Facility immediately prior to the termination thereof, and (ii) obtain and deliver to the Administrative Agent no later than 30 days following the Effective Date (or such later date as the Initial Lenders may reasonably determine), with respect to all other lockbox and deposit accounts (other than disbursement accounts maintained in the ordinary course of business consistent with past practices), account control agreements with respect to all such lockboxes and other deposit accounts of the Borrower and each Guarantor in form and substance reasonably satisfactory to the Administrative Agent; provided, however, that this Section 5.01(k) shall not apply to (i) cash collateral accounts for Hedge Agreements, letters of credit, surety bonds and existing equipment leases (solely for purposes of collateralizing such letters of credit, surety bonds and existing equipment leases and solely to the extent permitted by Section 5.02(a)), (ii) payroll accounts maintained in the ordinary course of business, (iii) disbursement accounts maintained in the ordinary course of business for the prompt disbursement of amounts payable in the ordinary course of business, and (iv) deposit accounts to the extent the aggregate amount on deposit in each such deposit account does not exceed $1,000,000 at any time and the aggregate amount on deposit in all deposit accounts under this clause (iv) does not exceed $5,000,000 at any time.

(l) Additional Guarantors. Cause each Material Subsidiary that hereafter becomes party to a Case to execute a Guaranty Supplement within 10 days of becoming party thereto; provided, however, that notwithstanding the foregoing, no subsidiary will be required to become

or remain a Guarantor or provide or maintain a lien on any of its assets as security for any of the Obligations (A) if such Subsidiary is not a wholly-owned Subsidiary; or (B) to the extent doing so would (1) result in any adverse tax consequences or (2) be prohibited by any applicable law.

(m) DIP Budget; Financial Statements. Furnish to the Administrative Agent (i) a DIP Budget which shall be reasonably satisfactory to the Administrative Agent and the Initial Lenders and (ii) the unaudited Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2005, and the related unaudited Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the Fiscal Year then ended, in each case not later than March 22, 2006.

(n) Further Assurances.

(i) Promptly upon reasonable request by any Agent, or any Lender Party through the Administrative Agent, correct, and cause each of its Subsidiaries promptly to correct, any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof

(ii) Promptly upon reasonable request by any Agent, or any Lender Party through the Administrative Agent, do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, conveyances, pledge agreements, mortgages, deeds of trust, trust deeds, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments as any Agent, or any Lender Party through the Administrative Agent, may reasonably require from time to time in order to (A) carry out more effectively the purposes of the Loan Documents, (B) to the fullest extent permitted by applicable law, subject any Loan Party's properties, assets, rights or interests to the Liens now or hereafter required to be covered by any of the Collateral Documents, (C) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens required to be created thereunder and (D) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party or any of its Subsidiaries is or is to be a party, and cause each of its Subsidiaries to do so.

(iii) Promptly take, or cause to be taken, each action set forth in Schedule 5.01(n)(iii) to be taken by such Loan Party within the time period specified for such action to be taken on such schedule.

(o) Maintenance of Properties, Etc. Maintain and preserve all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted, and will from time to time make or cause to be made all appropriate repairs, renewals and replacements thereof except where failure to do so would not have a Material Adverse Effect; provided that, this subsection (o) shall not prohibit the sale, transfer or other disposition of any such property consummated in accordance with the other terms of this Agreement.

(p) Transfer of Receivables. Use commercially reasonable efforts to cause the Accounts subject to the Existing Receivables Facility to be transferred to the originator Loan Parties as promptly as practicable following payment in full of the Existing Receivables Facility.

Section 5.02 Negative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, no Loan Party will, at any time:

(a) Liens. Incur, create, assume or suffer to exist any Lien on any asset of the Borrower or any of its Material Subsidiaries now owned or hereafter acquired by any of the Borrower or the Guarantors, other than: (i) Liens existing on the Petition Date, (ii) Permitted Liens, (iii) Liens on assets of Foreign Subsidiaries to secure Debt permitted by Section 5.02(b)(vi), (iv) Liens in favor of the Administrative Agent and the Secured Parties, (v) Liens in connection with Debt permitted to be incurred pursuant to Section 5.02(b)(vii) so long as such Liens extend solely to the property (and improvements and proceeds of such property) acquired with the proceeds of such Debt or subject to the applicable Capitalized Lease, (vi) Liens in the form of cash collateral deposited to secure Obligations under Hedge Agreements provided and such cash is not in excess of $75,000,000, and (vii) Liens arising pursuant to the Tooling Program.

(b) Debt. Contract, create, incur, assume or suffer to exist any Debt, or permit any of its Material Subsidiaries to contract, create, incur, assume or suffer to exist any Debt, except for (i) Debt under this Agreement and the other Loan Documents, (ii) Debt incurred prior to the Petition Date (including any capital lease obligations assumed after the Petition Date), (iii) Debt arising from Investments among the Borrower and its Subsidiaries that are permitted hereunder, (iv) Debt in respect of any overdrafts and related liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house transfers of funds; (v) Debt consisting of guaranties permitted by Section 5.02(c); (vi) Debt of Foreign Subsidiaries owing to third parties in an aggregate outstanding principal amount (together with the aggregate outstanding principal amount of all other Debt of Foreign Subsidiaries permitted under this subsection (b)) not in excess of $400,000,000 at any time outstanding and Debt of Canadian Subsidiaries of the Borrower under the Canadian Revolving Facility, (vii) Debt constituting purchase money debt and Capitalized Lease obligations (not otherwise included in subclause (ii) above) in an aggregate outstanding amount not in excess of $75,000,000, (viii)(x) Debt in respect of Hedge Agreements entered into in the ordinary course of business to protect against fluctuations in interest rates, foreign exchange rates and commodity prices and (y) Debt arising on and after the Petition Date under the Credit Card Program, provided that the aggregate amount of Debt in respect of (A) Secured Hedge Agreements and Secured Credit Card Obligations shall not exceed $50,000,000 at any time outstanding and (B) Hedge Agreements subject to Liens permitted under Section 5.02(a)(vi) shall not exceed $75,000,000 at any time outstanding, (ix) indebtedness which may be deemed to exist pursuant to any surety bonds, appeal bonds or similar obligations incurred in connection with any judgment not constituting an Event of Default, (x) indebtedness in respect of netting services, customary overdraft protections and otherwise in connection with deposit accounts in the ordinary course of business, and (xi) Debt not otherwise permitted hereunder in an aggregate outstanding principal amount of $20,000,000.

(c) Guarantees and Other Liabilities. Contract, create, incur, assume or permit to exist, or permit any Material Subsidiary to contract, create, assume or permit to exist, any Guarantee Obligations, except (i) for any guaranty of Debt or other obligations of the Borrower or any Guarantor if the Borrower or such Guarantor could have incurred such Debt or obligations under this Agreement, (ii) by endorsement of negotiable instruments for deposit or collection in the ordinary course of business and (iii) Guarantee Obligations constituting Investments of the Borrower and its Subsidiaries permitted hereunder.

(d) Chapter 11 Claims. Incur, create, assume, suffer to exist or permit any other Superpriority Claim that is pari passu with or senior to the claims of the Agents and the Secured Parties against the Borrower and the Guarantors except with respect to the Carve-Out.

(e) Dividends; Capital Stock. Declare or pay, directly or indirectly, any dividends or make any other distribution, or payment, whether in cash, property, securities or a combination thereof, with respect to (whether by reduction of capital or otherwise) any shares of capital stock (or any options, warrants, rights or other equity securities or agreements relating to any capital stock) of the Borrower, or set apart any sum for the aforesaid purposes.

(f) Transactions with Affiliates. Enter into or permit any of its Material Subsidiaries to enter into any transaction with any Affiliate, other than on terms and conditions at least as favorable to the Borrower or such Subsidiary as would reasonably be obtained at that time in a comparable arm's-length transaction with a Person other than an Affiliate, except for the following: (i) any transaction between any Loan Party and any other Loan Party or between any Non-Loan Party and any other Non-Loan Party; (ii) any transaction between any Loan Party and any Non-Loan Party that is at least as favorable to such Loan Party as would reasonably be obtained at that time in a comparable arm's-length transaction with a Person other than an Affiliate; (iii) any transaction individually or of a type expressly permitted pursuant to the terms of the Loan Documents; (iv) reasonable and customary director, officer and employee compensation (including bonuses) and other benefits (including retirement, health, stock option and other benefit plans) and indemnification arrangements, in each case approved by the relevant Board of Directors; or (v) transactions in existence, or of a type in existence, on the Petition Date.

(g) Investments. Make or hold, or permit any of its Material Subsidiaries to make, any Investment in any Person, except for (i) (A) ownership by the Borrower or the Guarantors of the capital stock of each of the Subsidiaries listed on Schedule 4.01 and (B) other Investments existing on the Petition Date; (ii) Investments in Cash Equivalents and Investments by Foreign Subsidiaries in securities and deposits similar in nature to Cash Equivalents and customary in the applicable jurisdiction; (iii) advances and loans existing on the Petition Date among the Borrower and the Subsidiaries (including any refinancings or extensions thereof but excluding any increases thereof or any further advances of any kind in connection therewith); (iv) Investments or intercompany loans or advances made on or after the Petition Date (A) by any Loan Party to or in any other Loan Party, (B) by any Non-Loan Party to or in any Loan Party or (C) by any Non-Loan Party to or in any other Non-Loan Party; (v) investments (A) received in satisfaction or partial satisfaction thereof from financially troubled account debtors or in connection with the settlement of delinquent accounts and disputes with customers and suppliers, or (B) received in settlement of debts created in the ordinary course of business and owing to the Borrower or any Subsidiary or in satisfaction of judgments; (vi) Investments (A) in the form of deposits, prepayments and other credits to suppliers made in the ordinary course of business consistent with current market practices, (B) in the form of extensions of trade credit in the ordinary course of business, or (C) in the form of prepaid expenses and deposits to other Persons in the ordinary course of business; (vii) Investments made in any Person to the extent such investment represents the non-cash portion of consideration received for an asset sale permitted under the terms of the Loan Documents; (viii) loans or advance to directors, officers and employees for bona fide business purposes and in the ordinary course of business in an aggregate principal amount not to exceed $10,000,000 at any time outstanding; (ix) investments constituting guaranties permitted pursuant to Section 5.02(c)(i) or (ii) above; (x) Permitted Acquisitions in an amount not to exceed $75,000,000 in the case of the Borrower and its Subsidiaries during any Fiscal Year (provided that the Loan Parties may only make Permitted Acquisitions in an amount not to exceed $10,000,000 during any Fiscal Year); (xi) Investments in Spicer S.A. in an aggregate amount not

in excess of the sum of $45,000,000 plus the aggregate amount of any transfers made to Spicer S.A. or any of its Subsidiaries in accordance with Section 5.02(h)(v) below, (xii) Investments in connection with the Tooling Program in an aggregate amount (together with any Investments in connection with the Tooling Program permitted under sub-clause (i)(B) above) not in excess of $135,000,000; (xiii) Investments by Loan Parties in Foreign Subsidiaries (A) in an aggregate amount not to exceed $50,000,000 at any time outstanding and (B) to the extent that Letters of Credit are permitted to be issued hereunder to provide credit support for third-party Debt of Foreign Subsidiaries; (xiv) Investments by Foreign Subsidiaries in other Foreign Subsidiaries and in the Loan Parties; and (xv) other Investments to the extent not permitted pursuant to any other subpart of this Section in an amount not to exceed $15,000,000 in any Fiscal Year.

(h) Disposition of Assets. Sell or otherwise dispose of, or permit any of its Material Subsidiaries to sell or otherwise dispose of, any assets (including, without limitation, the capital stock of any Subsidiary) except for (i) proposed divestitures publicly disclosed as of the Effective Date or otherwise disclosed to the Administrative Agent and the Lenders prior to the Effective Date; (ii) (x) sales of inventory or obsolete or worn-out property by the Borrower or any of its Subsidiaries in the ordinary course of business, (y) sales, leases or transfers of property by the Borrower or any of its Subsidiaries to the Borrower or a Subsidiary or to a third party in connection with the asset value recovery program to be established with GOIndustries, or (z) sales by Non-Loan Parties of property no longer used or useful; (iii) the sale, lease, transfer or other disposition of any assets (A) by any Loan Party to any other Loan Party, (B) by any Non-Loan Party to any Loan Party, (c) by any Non-Loan Party to any other Non-Loan Party, or (E) constituting Permitted Non-Loan Party Investments; (iv) sales, transfers or other dispositions of assets in connection with the Tooling Program; (v) the transfer by any US Loan Party of certain machinery, equipment and inventory to Spicer S.A. or any of its Subsidiaries so long as the aggregate value of all such assets transferred does not exceed $50,000,000; (vi) any sale, lease, transfer or other disposition made in connection with any Investment permitted under Sections 5.02(g)(ii), (v), (vi) or (ix) hereof; (vii) licenses, sublicenses or similar transactions of intellectual property in the ordinary course of business and the abandonment of intellectual property deemed no longer useful; (viii) equity issuances by any subsidiary to the Borrower or any other subsidiary to the extent such equity issuance constitutes an Investment permitted pursuant to Section 5.02(g)(iv); (ix) transfers of receivables and receivables related assets or any interest therein by any Foreign Subsidiary in connection with any factoring or similar arrangement, subject to compliance with Section 5.02(b)(vi); (x) other sales, leases, transfers or dispositions of assets for fair value at the time of such sale (as reasonably determined by Borrower) so long as (A) in the case of any sale or other disposition, not less than 75% of the consideration is cash, (B) no Default or Event of Default exists immediately before or after giving effect to any such sale, lease, transfer or other disposition, and (C) in the case of any sale, lease transfer or other disposition by any Loan Party, the fair value of all such assets sold, leased, transferred or otherwise disposed of in any fiscal year does not exceed an amount equal to $25,000,000.

(i) Nature of Business. Modify or alter, or permit any of its Material Subsidiaries to modify or alter, in any material manner the nature and type of its business as conducted at or prior to the Petition Date or the manner in which such business is currently conducted (except as required by the Bankruptcy Code), it being understood that sales permitted by Section 5.02(h) and discontinuing operations expressly identified as operations to be discontinued in the DIP Budget shall not constitute such a material modification or alteration.

(j) Limitation on Prepayments and Pre-Petition Obligations. Except as otherwise allowed pursuant to the Interim Order or the Final Order, (i) make any payment or prepayment on or redemption or acquisition for value (including, without limitation, by way of depositing with

the trustee with respect thereto money or securities before due for the purpose of paying when due) of any Pre-Petition Debt or other pre-Petition Date obligations of the Borrower or Guarantor, (ii) pay any interest on any Pre-Petition Debt of the Borrower or Guarantor (whether in cash, in kind securities or otherwise), or (iii) except as provided in the Interim Order, the Final Order or any order of the Bankruptcy Court and approved by the Required Lenders, make any payment or create or permit any Lien pursuant to Section 361 of the Bankruptcy Code (or pursuant to any other provision of the Bankruptcy Code authorizing adequate protection), or apply to the Court for the authority to do any of the foregoing; provided that (x) the Borrower may make payments for administrative expenses that are allowed and payable under Sections 330 and 331 of the Bankruptcy Code, (y) the Borrower may prepay the obligations under the Loan Documents and make payments permitted by the First Day Orders, and (z) the Borrower may make payments to such other claimants and in such amounts as may be consented to by the Lenders and approved by the Court. In addition, no Loan Party shall permit any of its Subsidiaries to make any payment, redemption or acquisition on behalf of such Loan Party which such Loan Party is prohibited from making under the provisions of this subsection (j).

(k) Capital Expenditures. Make, or permit any of its Subsidiaries to make, any Capital Expenditures that would cause the aggregate of all such Capital Expenditures made by the Borrower and its Subsidiaries during any fiscal year to exceed $325,000,000; provided, however, that if, for any year, the aggregate amount of capital expenditures made by the Borrower and its Subsidiaries is less than $325,000,000 (the difference between $325,000,000 and the amount of Capital Expenditures in such year (the "Excess Amount"), the Borrower shall be entitled to make additional Capital Expenditures in the immediately succeeding year in an amount equal to the Excess Amount, it being understood that the Excess Amount for any Fiscal Year shall be deemed the first amount used in any succeeding Fiscal Year.

(l) Mergers. Merge into or consolidate with any Person or permit any Person to merge into it, except (i) for mergers or consolidation constituting permitted Investments under Section 5.02(g) or asset dispositions permitted pursuant to Section 5.02(h), (ii) mergers, consolidations, liquidations or dissolutions (A) by any Loan Party (other than the Borrower) with or into any other Loan Party, (B) by any Non-Loan Party (other than a DCC Entity) with or into any Loan Party, (C) by any Non-Loan Party (other than a DCC Entity) with or into any other Non-Loan Party (other than a DCC Entity), or (D) by any Subsidiary of the Borrower in connection with or constituting Permitted Non-Loan Party Investments; provided that, in the case of any such merger or consolidation, the person formed by such merger or consolidation shall be a wholly owned Subsidiary of the Borrower, and provided further that in the case of any such merger or consolidation (x) to which the Borrower is a party, the Person formed by such merger or consolidation shall be the Borrower and (y) to which a Loan Party (other than the Borrower) is a party (other than a merger or consolidation made in accordance with subclause (D) above), the Person formed by such merger or consolidation shall be a Loan Party on the same terms; and (iii) the dissolution, liquidation or winding up of any subsidiary of the Borrower, provided that such dissolution, liquidation or winding up would not reasonably be expected to have a Material Adverse Effect and the assets of the Person so dissolved, liquidated or wound-up are distributed to its Borrower or to a Loan Party.

(m) Amendments of Constitutive Documents. Amend its constitutive documents, except for amendments that would not reasonably be expected to materially affect the interests of the Lenders.

(n) Accounting Changes. Make or permit any changes in (i) accounting policies or reporting practices, except as permitted or required by generally accepted accounting principles, or (ii) its Fiscal Year.

(o) Payment Restrictions Affecting Subsidiaries. Enter into or allow to exist, or allow any Material Subsidiary to enter into or allow to exist, any agreement prohibiting or conditioning the ability of the Borrower or any such Subsidiary to (i) create any lien upon any of its property or assets, (ii) make dividends to, or pay any indebtedness owed to, any Loan Party, (iii) make loans or advances to, or other investments in, any Loan Party, or (iv) transfer any of its assets to any Loan Party other than (A) any such agreement with or in favor of the Administrative Agent or the Lenders; (B) in connection with (1) any agreement evidencing any Liens permitted pursuant to Section 5.02(a)(iii), (v) or (vii) (so long as (x) in the case of agreements evidencing Liens permitted under Section (a)(iii), such prohibitions or conditions are customary for such Liens and the obligations they secure and (y) in the case of agreements evidencing Liens permitted under Section (a)(v) or (vii), such prohibitions or conditions relate solely to the assets that are the subject of such Liens) or (2) any Indebtedness permitted to be incurred under Sections 5.02(b)(vi), (vii), or (viii) above (so long as (x) in the case of agreements evidencing Indebtedness permitted under Section 5.02(b)(vi), such prohibitions or conditions are customary for such Indebtedness and (y) in the case of agreements evidencing Indebtedness permitted under Section 5.02(b)(vii) or (viii), such prohibitions or conditions are limited to the assets securing such Indebtedness; (C) any agreement setting forth customary restrictions on the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract of similar property or assets; (D) any restriction or encumbrance imposed pursuant to an agreement that has been entered into by the Borrower or any Subsidiary for the disposition of any of its property or assets so long as such disposition is otherwise permitted under the Loan Documents; (E) any such agreement imposed in connection with consignment agreements entered into in the ordinary course of business; (F) customary anti-assignment provisions contained in any agreement entered into in the ordinary course of business; (G) any agreement in existence on the Petition Date and any assumption of any such agreement permitted hereunder so long as the terms or provisions in connection with any such assumption relating to liens are no more restrictive than the agreement in effect on the Petition Date; (H) any agreement in existence at the time a Subsidiary is acquired so long as such agreement was not entered into in contemplation of such acquisition; or (I) such encumbrances or restrictions required by applicable law.

(p) Sales and Lease Backs. Except as set forth on Schedule 5.02(p), become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any property, whether now owned or hereafter acquired (i) which such Loan Party has sold or transferred or is to sell or transfer to any other Person (other than another Loan Party) or (ii) which such Loan Party intends to use for substantially the same purpose as any other property which has been or is to be sold or transferred by a Loan Party to any Person (other than another Loan Party) in connection with such lease.

Section 5.03 Reporting Requirements. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, the Borrower will furnish to the Administrative Agent:

(a) Default Notice. As soon as possible and in any event within three Business Days after any Responsible Officer of the Borrower has knowledge of the occurrence of each Default or within five Business Days after any Responsible Officer of the Borrower has knowledge of the occurrence of any event, development or occurrence reasonably likely to have a Material Adverse Effect continuing on the date of such statement, a statement of a Responsible Officer (or person

performing similar functions) of the Borrower setting forth details of such Default or other event and the action that the Borrower has taken and proposes to take with respect thereto.

(b) Monthly Financials. For each month, as soon as available and in any event on the later of (i) 30 days after the end of such month and (ii) the date on which the Bankruptcy Court shall require the delivery thereof (but in no event later than the 60th days after the end of such month), in each case, the financial information required to be delivered to the Bankruptcy Court for such month, which information shall be in form and detail satisfactory to the Required Lenders, and, without duplication, a comparison of such financial information with the projections for such month in the DIP Budget and a schedule in form reasonably satisfactory to the Initial Lenders of the computations used in determining compliance with the covenants contained in Section 5.04, all in reasonable detail and duly certified by a Responsible Officer of the Borrower.

(c) Quarterly Financials. Commencing with the fiscal quarter ending March 31, 2006, as soon as available and in any event within 45 days after the end of each of the first three quarters of each Fiscal Year (or such earlier date as the Borrower may be required by the SEC to deliver its Form 10-Q or such later date as the SEC may permit for the delivery of the Borrower's Form 10-Q up to 60 days), a Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter, and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous quarter and ending with the end of such quarter, and Consolidated statements of income cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, setting forth, in each case in comparative form the corresponding figures for the corresponding period of the immediately preceding Fiscal Year, all in reasonable detail and duly certified (subject to normal year-end audit adjustments) by a Responsible Officer of the Borrower as having been prepared in accordance with GAAP, together with a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto.

(d) Annual Financials. As soon as available and in any event no later than 90 days (or 120 days in the case of the Fiscal Year ending December 31, 2005) following the end of the Fiscal Year ending December 31, 2005, a copy of the annual audit report for such Fiscal Year, including therein a Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such Fiscal Year, in each case accompanied by (A) an opinion acceptable to the Initial Lenders of independent public accountants of recognized national standing acceptable to the Initial Lenders and (B) a certificate of a Responsible Officer of the Borrower stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto, together with a schedule in form reasonably satisfactory to the Initial Lenders of the computations used in determining, as of the end of such Fiscal Year, compliance with the covenants contained in Sections 5.02(k) and 5.04; provided that, in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.02(k) and 5.04, a statement of reconciliation conforming such financial statements to GAAP.

(e) Annual Forecasts. No later than 30 days after the end of each fiscal year (commencing with the fiscal year ending December 31, 2006) annual forecasts of the Borrower and its Consolidated Subsidiaries on a monthly basis.

(f) Cash Flows. No later than the last Business Day of each month, commencing March 31, 2006, (i) a cash flow forecast detailing cash receipts and cash disbursements on a weekly basis for the next 13 weeks (a "Thirteen Week Forecast"), the information and calculations contained in which shall be reasonably satisfactory to the Initial Lenders and (ii) a Budget Variance Report for the month then ended.

(g) DIP Budget Supplement. No later than December 31, 2006, and on any other date on which the Borrower may deliver the same to the Bankruptcy Court, a supplement to the DIP Budget setting forth on a monthly basis for the remainder of the term of the Facilities an updated forecast of the information contained in the DIP Budget for such period and a written set of supporting assumptions, all in form reasonably satisfactory to the Initial Lenders.

(h) ERISA Events and ERISA Reports. Promptly and in any event within 10 Business Days after any Loan Party or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred with respect to an ERISA Plan, a statement of a Responsible Officer of the Borrower describing such ERISA Event and the action, if any, that such Loan Party or such ERISA Affiliate has taken and proposes to take with respect thereto, on the date any records, documents or other information must be furnished to the PBGC with respect to any ERISA Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information.

(i) Plan Terminations. Promptly and in any event within two Business Days after receipt thereof by any Loan Party or any ERISA Affiliate, copies of each notice from the PBGC stating its intention to terminate any ERISA Plan or to have a trustee appointed to administer any ERISA Plan.

(j) Actuarial Reports. Promptly upon receipt thereof by any Loan Party or any ERISA Affiliate, a copy of the annual actuarial valuation report for each Plan the funded current liability percentage (as defined in Section 302(d)(8) of ERISA) of which is less than 90% or the unfunded current liability of which exceeds $5,000,000.

(k) Multiemployer Plan Notices. Promptly and in any event within five Business Days after receipt thereof by any Loan Party or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (i) the imposition of Withdrawal Liability by any such Multiemployer Plan, (ii) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (iii) the amount of liability incurred, or that may be incurred, by such Loan Party or any ERISA Affiliate in connection with any event described in clause (i) or (ii) above.

(l) Litigation. Promptly after the commencement thereof, notice of each unstayed action, suit, investigation, litigation and proceeding before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting any Loan Party or any of its Subsidiaries that (i) is reasonably likely to be determined adversely and if so determined adversely would be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement, any Note, any other Loan Document or the consummation of the transactions contemplated hereby.

(m) Securities Reports. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports that the Borrower sends to its public stockholders, copies of all regular, periodic and special reports, and all registration statements, that the Borrower files with the Securities and Exchange Commission or any governmental

authority that may be substituted therefor, or with any national securities exchange; provided that such documents may be made available by posting on the Borrower's website.

(n) Environmental Conditions. Promptly after the assertion or occurrence thereof, notice of any Environmental Action against or of any non-compliance by any Loan Party or any of its Subsidiaries with any Environmental Law or Environmental Permit that would reasonably be expected to (i) have a Material Adverse Effect or (ii) cause any real property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law that could reasonably be expected to have a Material Adverse Effect.

(o) Bankruptcy Pleadings, Etc. Promptly after the same is available, copies of all pleadings, motions, applications, judicial information, financial information and other documents filed by or on behalf of any of the Loan Parties with the Bankruptcy Court in the cases, or distributed by or on behalf of any of the Loan Parties to any Official Committee appointed in the cases, providing copies of same to the Initial Lenders and counsel for Administrative Agent; provided that such documents may be made available by posting on a website maintained by the Borrower, and identified to the Lenders, in connection with the Cases.

(p) Other Information. Such other information respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Loan Party or any of its Subsidiaries as any Lender Party (through the Administrative Agent), the Administrative Agent or any of their advisors may from time to time reasonably request.

Section 5.04 Financial Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, the Borrower will:

(a) Minimum Global EBITDAR. Maintain Consolidated EBITDAR of the Borrower and its Subsidiaries as at the last day of each calendar month not less than the amount set forth below for each period set forth below, as determined for such period then ended:

Month	Period then Ended	EBITDAR
May 2006	3 months	$ 20,000,000
June 2006	4 months	$ 40,000,000
July 2006	5 months	$ 45,000,000
August 2006	6 months	$ 70,000,000
September 2006	7 months	$100,000,000
October 2006	8 months	$145,000,000
November 2006	9 months	$190,000,000
December 2006	10 months	$215,000,000
January 2007	11 months	$240,000,000

February 2007	12 months	$260,000,000
March 2007	12 months	$270,000,000
April 2007	12 months	$280,000,000
May 2007	12 months	$280,000,000
June 2007	12 months	$280,000,000
July 2007	12 months	$280,000,000
August 2007	12 months	$280,000,000

(b) Minimum Availability. Not permit Availability to be less than $100,000,000 on any Business Day if Availability on the immediately preceding Business Day was less than $100,000,000.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of any Advance or any unreimbursed drawing with respect to any Letter of Credit when the same shall become due and payable or any Loan Party shall fail to make any payment of interest on any Advance or any other payment under any Loan Document within three business days after the same becomes due and payable; or

(b) any representation or warranty made by any Loan Party (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made or deemed made; or

(c) any Loan Party shall fail to perform or observe (i) any term, covenant or agreement contained in Sections 2.14, 5.01(f), 5.02, 5.03 or 5.04 or (ii) any term, covenant or agreement (other than those listed in clause (i) above) contained in Article V hereof, if such failure shall remain unremedied for 5 Business Days; or

(d) any Loan Party shall fail to perform any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 10 days; or

(e) (i) any Loan Party or any of its Subsidiaries shall fail to pay any principal of, premium or interest on or any other amount payable in respect of one or more items of Debt arising after the Petition Date of the Loan Parties and their Subsidiaries (excluding Debt outstanding hereunder) that is outstanding in an aggregate principal or notional amount (or, in the case of any Hedge Agreement, an Agreement Value) of at least $35,000,000 when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration,

demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreements or instruments relating to all such Debt; or (ii) any other event shall occur or condition shall exist under the agreements or instruments relating to one or more items of Debt arising after the Petition Date of the Loan Parties and their Subsidiaries (excluding Debt outstanding hereunder) that is outstanding in an aggregate principal or notional amount of at least $35,000,000, and such other event or condition shall continue after the applicable grace period, if any, specified in all such agreements or instruments, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or otherwise to cause, or to permit the holder thereof to cause, such Debt to mature; or (iii) one or more items of Debt arising after the Petition Date of the Loan Parties and their Subsidiaries (excluding Debt outstanding hereunder) that is outstanding in an aggregate principal or notional amount (or, in the case of any Hedge Agreement, an Agreement Value) of at least $35,000,000 shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled or required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(f) one or more final, non-appealable judgments or orders for the payment of money in excess of $35,000,000 (exclusive of any judgment or order the amounts of which are fully covered by insurance (less any applicable deductible) which is not in dispute) in the aggregate at any time, as an administrative expense of the kind specified in Section 503(b) of the Bankruptcy Code shall be rendered against any Loan Party or any of its Subsidiaries and enforcement proceedings shall have been commenced by any creditor upon such judgment or order; or

(g) one or more nonmonetary judgments or orders shall be rendered against any Loan Party or any of its Subsidiaries that is reasonably likely to have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) any provision of any Loan Document after delivery thereof pursuant to Section 3.01 or Section 3.03 shall for any reason cease to be valid and binding on or enforceable against any Loan Party intended to be a party to it, or any such Loan Party shall so state in writing; or

(i) any Collateral Document after delivery thereof pursuant to Section 3.01 shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected lien on and security interest in the Collateral purported to be covered thereby; or

(j) any ERISA Event shall have occurred with respect to a Plan and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Loan Parties and the ERISA Affiliates related to such ERISA Event) is reasonably likely to have a Material Adverse Effect; or

(k) any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Loan Parties and the ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds $5,000,000 or requires payments exceeding $2,500,000 per annum; or

(l) any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Loan Parties and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding $2,000,000; or

(m) any of the Cases concerning the Borrower or Guarantors shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code or any Loan Party shall file a motion or other pleading or support a motion or other pleading filed by any other Person seeking the dismissal of any of the Cases concerning the Borrower or Material Guarantors under Section 1112 of the Bankruptcy Code or otherwise; a trustee under Chapter 7 or Chapter 11 of the Bankruptcy Code, a responsible officer or an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code shall be appointed in any of the Cases and the order appointing such trustee, responsible officer or examiner shall not be reversed or vacated within 30 days after the entry thereof; or an application shall be filed by the Borrower or any Guarantor for the approval of any other Superpriority Claim (other than the Carve-Out) in any of the Cases which is pari passu with or senior to the claims of the Administrative Agent and the Lenders against the Borrower or any Guarantor hereunder, or there shall arise or be granted any such pari passu or senior Superpriority Claim; or

(n) the Bankruptcy Court shall enter an order or orders granting relief from the automatic stay applicable under Section 362 of the Bankruptcy Code to the holder or holders of any security interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of any of the Borrower or the Guarantors that have a value in excess of $10,000,000 in the aggregate, provided that this subsection (n) shall not apply to any order granting relief from the automatic stay pursuant to which a creditor exercises valid setoff rights pursuant to Section 553 of the Bankruptcy Code; or

(o) an order of the Bankruptcy Court shall be entered (i) reversing, amending, staying for a period in excess of 10 days or vacating either of the DIP Financing Orders, (ii) without the written consent of the Administrative Agent and the requisite Lenders (in accordance with the provisions of Section 10.01), otherwise amending, supplementing or modifying either of the DIP Financing Orders in a manner that is reasonably determined by the Administrative Agent to be adverse to the Agents and the Lenders or (iii) terminating the use of cash collateral by the Borrower or the Guarantors pursuant to the DIP Financing Orders; or

(p) default in any material respect shall be made by the Borrower or any Guarantor in the due observance or performance of any term or condition contained in any DIP Financing Order; or

(q) any Loan Party shall bring a motion in the Cases: (i) to obtain working capital financing from any Person other than Lenders under Section 364(d) of the Bankruptcy Code; or (ii) to obtain financing for such Loan Party from any Person other than the Lenders under Section 364(c) of the Bankruptcy Code (other than with respect to a financing used, in whole or part, to repay in full the Obligations); or (iii) to grant any Lien other than those permitted under Section 5.02(a) upon or affecting any Collateral; or (iv) to use Cash Collateral of the Administrative Agent or Lenders under Section 363(c) of the Bankruptcy Code without the prior written consent

of the Required Lenders (as provided in Section 10.01); except to pay the Carve-Out or (v) to recover from any portions of the Collateral any costs or expenses of preserving or disposing of such Collateral under Section 506(c) of the Bankruptcy Code; or (vi) to effect any other action or actions adverse to the Administrative Agent or Lenders or their rights and remedies hereunder or their interest in the Collateral that would, individually or in the aggregate, have a Material Adverse Effect; or

(r) the entry of the Final Order shall not have occurred within 45 days of the entry of the Interim Order; or

(s) any challenge by any Loan Party to the validity of any Loan Document or the applicability or enforceability of any Loan Document or which seeks to void, avoid, limit, or otherwise adversely affect the security interest created by or in any Loan Document or any payment made pursuant thereto; or

(t) a Change of Control shall occur;

then, and in any such event, subject only to the giving of an "Enforcement Notice" under and as defined in the DIP Financing Orders to the parties entitled thereunder to receive such notice, without further order of or application to the Bankruptcy Court, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances (other than Letter of Credit Advances by the Issuing Banks or a Lender pursuant to Section 2.03(c) and Swing Line Advances by a Lender pursuant to Section 2.02(b)) and of the Issuing Banks to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

Section 6.02 Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Administrative Agent may, or shall at the request of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon the Borrower to, and forthwith upon such demand the Borrower will, pay to the Administrative Agent on behalf of the Lender Parties in same day funds at the Administrative Agent's office designated in such demand, for deposit in the L/C Cash Collateral Account, an amount equal to 105% of the aggregate Available Amount of all Letters of Credit then outstanding. If at any time the Administrative Agent determines that any funds held in the L/C Cash Collateral Account are subject to any right or claim of any Person other than the Administrative Agent and the Lender Parties or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the Borrower will, forthwith upon demand by the Administrative Agent, pay to the Administrative Agent, as additional funds to be deposited and held in the L/C Cash Collateral Account, an amount equal to the excess of (a) such aggregate Available Amount over (b) the total amount of funds, if any, then held in the L/C Cash Collateral Account that the Administrative Agent determines to be free and clear of any such right and claim.

ARTICLE VII

THE AGENTS

Section 7.01 Appointment and Authorization of the Agents. (a) Each Lender Party hereby irrevocably appoints, designates and authorizes each of the Agents to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, no Agent shall have any duties or responsibilities, except those expressly set forth herein, nor shall any Agent have or be deemed to have any fiduciary relationship with any Lender Party or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against such Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each Issuing Bank shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and each Issuing Bank shall have all of the benefits and immunities (i) provided to each Agent in this Article VII with respect to any acts taken or omissions suffered by such Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term "Agent" as used in this Article VII and in the definition of "Agent-Related Person" included such Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided herein with respect to such Issuing Bank.

Section 7.02 Delegation of Duties. Each Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

Section 7.03 Liability of Agents. No Agent-Related Person shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender Party or participant for any recital, statement, representation or warranty made by any Loan Party or any officer thereof, contained herein or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by any Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of any Loan Party or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender Party or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party or any Affiliate thereof.

Section 7.04 Reliance by Agents. (a) Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, electronic mail message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Loan Party), independent accountants and other experts selected by such Agent, as applicable. Each Agent shall be fully justified in failing or refusing to take any action under any Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders (or such greater number of Lenders as may be expressly required hereby in any instance) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 3.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the relevant Agent or Agents shall have received notice from such Lender prior to the Effective Date specifying its objection thereto.

Section 7.05 Notice of Default. No Agent shall be deemed to have knowledge or notice of the occurrence of any Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to any Agent for the account of the Lenders, unless such Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default and stating that such notice is a "Notice of Default." The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent, in consultation with the Initial Lenders, shall take such action with respect to such Default as may be directed by the Required Lenders in accordance with Article VI; provided, however, that unless and until the Administrative Agent has received any such direction, it may (but shall not be obligated to) take such action, or refrain from taking such action, in each case, in consultation with the Initial Lenders, with respect to such Default as it shall deem advisable or in the best interest of the Lenders.

Section 7.06 Credit Decision; Disclosure of Information by Agents. Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by any Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of any Loan Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter, including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their respective Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other

documents expressly required to be furnished to the Lenders by any Agent herein, such Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Loan Parties or any of their respective Affiliates which may come into the possession of any Agent-Related Person.

Section 7.07 Indemnification of Agents. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of any Loan Party and without limiting the obligation of any Loan Party to do so), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted primarily from such Agent-Related Person's own gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse each Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by any Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that such Agent is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive termination of the Commitments, the payment of all other Obligations and the resignation of each of the Agents. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 7.07 applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Lender Party, its directors, shareholders or creditors and whether or not the transactions contemplated hereby are consummated.

Section 7.08 Agents in Their Individual Capacity. CNAI, JPM and BofA and their respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Loan Parties and their respective Affiliates as though CNAI, JPM and BofA, as the case may be, were not an Agent or Issuing Bank hereunder, as the case may be, and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, each of CNAI, JPM and BofA and each of their respective Affiliates may receive information regarding any Loan Party or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Loan Party or such Affiliate) and acknowledge that each of CNAI, JPM and BofA and their respective Affiliates shall be under no obligation to provide such information to them. With respect to its Loans, each of CNAI, JPM and BofA and their respective Affiliates shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not an Agent, the Swing Line Lender or an Issuing Bank, as the case may be, and the terms "Lender" and "Lenders" include CNAI, JPM and BofA in its individual capacity.

Section 7.09 Successor Agent. Each Agent may resign from acting in such capacity upon 30 days' notice to the Lenders and the Borrower; provided that any such resignation by CNAI shall also constitute the resignation by CNAI as Issuing Bank. If an Agent resigns under this Agreement, the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders. If no successor agent is appointed prior to the effective date of the resignation of such Agent, such Agent may appoint, after consulting with the Lenders, a successor agent from among the Lenders. Upon the acceptance of its appointment as successor agent hereunder, the Person acting as such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and Issuing Bank and the term

"Agent" shall mean such successor agent, and the retiring Agent's appointment, powers and duties as Agent shall be terminated and in the case of the Administrative Agent, the retiring Issuing Bank's rights, powers and duties as such shall be terminated, without any other or further act or deed on the part of such retiring Agent or Issuing Bank, as the case may be, or any other Lender, other than the obligation of the successor Issuing Bank to issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or to make other arrangements satisfactory to the retiring Issuing Bank to effectively assume the obligations of the retiring with respect to such Letters of Credit. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article VII and Section 10.04 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

Section 7.10 Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Advance shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether any Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Advances and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agents and their respective agents and counsel and all other amounts due the Lenders and the Agents under Sections 2.08 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due to the Administrative Agent under Sections 2.08 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 7.11 Collateral and Guaranty Matters. The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion,

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit, (ii) that is sold or to be sold as part of or in connection with

any sale permitted hereunder or under any other Loan Document, or (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders;

(b) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 5.02(a);

(c) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder or if all of such Person's assets are sold or liquidated as permitted under the terms of the Loan Documents and the proceeds thereof are distributed to the Borrower; and

(d) to acquire, hold and enforce any and all Liens on Collateral granted by and of the Loan Parties to secure any of the Secured Obligations, together with such other powers and discretion as are reasonably incidental thereto.

Upon request by the Administrative Agent at any time, the Required Lenders (acting on behalf of all the Lenders) will confirm in writing that the Administrative Agent's authority to release Liens or subordinate the interests of the Secured Parties in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 7.11.

Section 7.12 Other Agents; Arrangers and Managers. None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," "book runner," "arranger," or "lead arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE VIII

SUBSIDIARY GUARANTY

Section 8.01 Subsidiary Guaranty. Each Guarantor, severally, unconditionally and irrevocably guarantees (the undertaking by each Guarantor under this Article VIII being the "Guaranty") the punctual payment when due, whether at scheduled maturity or at a date fixed for prepayment or by acceleration, demand or otherwise, of all of the Obligations of each of the other Loan Parties now or hereafter existing under or in respect of the Loan Documents (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premium, fees, indemnification payments, contract causes of action, costs, expenses or otherwise (such Obligations being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by the Administrative Agent or any of the other Secured Parties solely in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any of the other Loan Parties to the Administrative Agent or any of the other Secured Parties under or in respect of the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Loan Party.

Section 8.02 Guaranty Absolute. Each Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Administrative Agent or any other Secured Party with respect thereto. The Obligations of each Guarantor under this Guaranty are independent of the Guaranteed Obligations or any other Obligations of any Loan Party under the Loan Documents, and a separate action or actions may be brought and prosecuted against such Guarantor to enforce this Guaranty, irrespective of whether any action is brought against any other Loan Party or whether any other Loan Party is joined in any such action or actions. The liability of each Guarantor under this Guaranty shall be absolute, unconditional and irrevocable irrespective of, and such Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any and all of the following:

(a) any lack of validity or enforceability of any Loan Document or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other Obligations of any Loan Party under the Loan Documents, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Loan Party or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or nonperfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any Subsidiary Guaranty or any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of Collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any Collateral for all or any of the Guaranteed Obligations or any other Obligations of any Loan Party under the Loan Documents, or any other property and assets of any other Loan Party or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of any other Loan Party or any of its Subsidiaries;

(f) any failure of the Administrative Agent or any other Secured Party to disclose to any Loan Party any information relating to the financial condition, operations, properties or prospects of any other Loan Party now or hereafter known to the Administrative Agent or such other Secured Party, as the case may be (such Guarantor waiving any duty on the part of the Secured Parties to disclose such information);

(g) the failure of any other Person to execute this Guaranty or any other guarantee or agreement of the release or reduction of the liability of any of the other Loan Parties or any other guarantor or surety with respect to the Guaranteed Obligations; or

(h) any other circumstance (including, without limitation, any statute of limitations or any existence of or reliance on any representation by the Administrative Agent or any other Secured Party) that might otherwise constitute a defense available to, or a discharge of, such Guarantor, any other Loan Party or any other guarantor or surety other than payment in full in cash of the Guaranteed Obligations.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Administrative Agent or any other Secured Party or by any other Person upon the insolvency, bankruptcy or reorganization of any other Loan Party or otherwise, all as though such payment had not been made.

Section 8.03 Waivers and Acknowledgments. (a) Each Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Guaranty, and any requirement that the Administrative Agent or any other Secured Party protect, secure, perfect or insure any Lien or any property or assets subject thereto or exhaust any right or take any action against any other Loan Party or any other Person or any Collateral.

(b) Each Guarantor hereby unconditionally waives any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) Each Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by the Secured Parties which in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of such Guarantor or other rights to proceed against any of the other Loan Parties, any other guarantor or any other Person or any Collateral, and (ii) any defense based on any right of setoff or counterclaim against or in respect of such Guarantor's obligations hereunder.

(d) Each Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Loan Documents and that the waivers set forth in Section 8.02 and this Section 8.03 are knowingly made in contemplation of such benefits.

Section 8.04 Subrogation. Each Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or may hereafter acquire against any other Loan Party or any other insider guarantor that arise from the existence, payment, performance or enforcement of its Obligations under this Guaranty or under any other Loan Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Administrative Agent or any other Secured Party against such other Loan Party or any other insider guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from such other Loan Party or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, until such time as all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, all of the Letters of Credit and all Secured Hedge Agreements shall have expired or been terminated and the Commitments shall have expired or terminated. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of all of the Guaranteed Obligations and all other amounts payable under this Guaranty, (b) the latest date of expiration or termination of all Letters of Credit and all Secured Hedge Agreements, and (c) the Termination Date, such amount shall be held in trust for the benefit of the Administrative Agent and the other Secured Parties and shall forthwith be paid to the Administrative Agent to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Loan Documents, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (i) any Guarantor shall pay to the Administrative Agent all or any part of the Guaranteed Obligations, (ii) all of

the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, (iii) all Letters of Credit and all Secured Hedge Agreements shall have expired or been terminated, and (iv) the Termination Date shall have occurred, the Administrative Agent and the other Secured Parties will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer of subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from the payment made by such Guarantor.

Section 8.05 Additional Guarantors. Upon the execution and delivery by any Person of a guaranty joinder agreement in substantially the form of Exhibit H hereto (each, a "Guaranty Supplement"), (i) such Person shall be referred to as an "Additional Guarantor" and shall become and be a Guarantor hereunder, and each reference in this Guaranty to a "Guarantor" shall also mean and be a reference to such Additional Guarantor, and each reference in any other Loan Document to a "Guarantor" shall also mean and be a reference to such Additional Guarantor, and (ii) each reference herein to "this Guaranty", "hereunder", "hereof" or words of like import referring to this Guaranty, and each reference in any other Loan Document to the "Guaranty", "thereunder", "thereof" or words of like import referring to this Guaranty, shall include each such duly executed and delivered Guaranty Supplement.

Section 8.06 Continuing Guarantee; Assignments. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of all of the Guaranteed Obligations and all other amounts payable under this Guaranty, (ii) the latest date of expiration or termination of all Letters of Credit and all Secured Hedge Agreements, and (iii) the Termination Date, (b) be binding upon each Guarantor and its successors and assigns and (c) inure to the benefit of, and be enforceable by, the Administrative Agent and the other Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Lender Party may assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitment or Commitments, the Advances owing to it and the Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender Party under this Article VIII or otherwise, in each case as provided in Section 10.07.

Section 8.07 No Reliance. Each Guarantor has, independently and without reliance upon any Agent or any Lender Party and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guaranty and each other Loan Document to which it is or is to be a party, and such Guarantor has established adequate means of obtaining from each other Loan Party on a continuing basis information pertaining to, and is now and on a continuing basis will be completely familiar with, the business, condition (financial or otherwise), operations, performance, properties and prospects of such other Loan Party.

ARTICLE IX

SECURITY

Section 9.01 Grant of Security. To induce the Lenders to make the Advances, and the Issuing Banks to issue Letters of Credit, each Loan Party hereby grants to the Administrative Agent, for itself and for the ratable benefit of the Secured Parties, as security for the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of the Obligations of such Loan Party under the Loan Documents, all Cash Management Obligations of such Loan Party, all Obligations of such Loan Party under Secured Hedge Agreements and all Secured Credit Card Obligations, and each agreement or instrument delivered by any Loan Party pursuant to any of the foregoing (whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums,

penalties, indemnifications, contract causes of action, costs, expenses or otherwise) (collectively, the "Secured Obligations") a continuing first priority Lien and security interest (subject only to certain Liens permitted pursuant to Section 5.02(a) and the Carve-Out as set forth in Section 2.17) in accordance with subsections 364(c)(2) and (3) of the Bankruptcy Code in and to all Collateral of such Loan Party. "Collateral" means, except as otherwise specified in the DIP Financing Orders, all of the property and assets of each Loan Party and its estate, real and personal, tangible and intangible, whether now owned or hereafter acquired or arising and regardless of where located, including but not limited to:

(a) all Equipment;

(b) all Inventory;

(c) all Accounts (and any and all such supporting obligations, security agreements, mortgages, Liens, leases, letters of credit and other contracts being the "Related Contracts");

(d) all General Intangibles;

(e) the following (the "Security Collateral"):

(i) the Initial Pledged Equity and the certificates, if any, representing the Initial Pledged Equity, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Initial Pledged Equity and all subscription warrants, rights or options issued thereon or with respect thereto;

(ii) the Initial Pledged Debt and the instruments, if any, evidencing the Initial Pledged Debt, and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Initial Pledged Debt;

(iii) all additional shares of stock and other Equity Interests from time to time acquired by such Loan Party in any manner (such shares and other Equity Interests, together with the Initial Pledged Equity, being the "Pledged Equity"), and the certificates, if any, representing such additional shares or other Equity Interests, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other Equity Interests and all subscription warrants, rights or options issued thereon or with respect thereto; provided that no Loan Party shall be required to pledge any Equity Interests in any Foreign Subsidiary (or any Equity Interests in any entity that is treated as a partnership or a disregarded entity for United States federal income tax purposes and whose assets are substantially only Equity Interests in Foreign Subsidiaries (a "Flow-Through Entity") that own directly or indirectly through one or more other Flow-Through Entities, Equity Interests in any Foreign Subsidiaries) owned or otherwise held by such Loan Party which, when aggregated with all of the other Equity Interests in such Foreign Subsidiary (or Flow-Through Entity) pledged by any Loan Party, would result (or would be deemed to result for United States federal income tax purposes) in more than 66% of the total combined voting power of all classes of stock in a Foreign Subsidiary entitled to vote (within the meaning of Treasury Regulation Section 1.956-2(c)(2) promulgated under the Internal Revenue Code) (the "Voting Foreign Stock") being pledged to the Administrative Agent, on behalf of the Secured Parties, under this Agreement (although all of the shares of stock in a Foreign Subsidiary not

entitled to vote (within the meaning of Treasury Regulation Section 1.956-2(c)(2) promulgated under the Internal Revenue Code) (the "Non-Voting Foreign Stock") shall be pledged by each of the Loan Parties that owns or otherwise holds any such Non-Voting Foreign Stock therein); provided further that, if, as a result of any change in the tax laws of the United States of America after the date of this Agreement, the pledge by such Loan Party of any additional shares of stock in any such Foreign Subsidiary to the Administrative Agent, on behalf of the Secured Parties, under this Agreement would not result in an increase in the aggregate net consolidated tax liabilities or in the reduction of any loss carryforward, tax basis or other tax attribute, of the Borrower and its Subsidiaries, then, promptly after the change in such laws, all such additional shares of stock shall be so pledged under this Agreement;

(iv) all additional indebtedness from time to time owed to such Loan Party (such indebtedness, together with the Initial Pledged Debt, being the "Pledged Debt") and the instruments, if any, evidencing such indebtedness, and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such indebtedness; and

(v) all other investment property (including, without limitation, all (A) securities, whether certificated or uncertificated, (B) security entitlements, (C) securities accounts, (D) commodity contracts and (E) commodity accounts) in which such Loan Party has now, or acquires from time to time hereafter, any right, title or interest in any manner, and the certificates or instruments, if any, representing or evidencing such investment property, and all dividends, distributions, return of capital, interest, distributions, value, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such investment property and all subscription warrants, rights or options issued thereon or with respect thereto (the "Pledged Investment Property");

(f) the following (collectively, the "Account Collateral"):

(i) all deposit and other bank accounts and all funds and financial assets from time to time credited thereto (including, without limitation, all Cash Equivalents), all interest, dividends, distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such funds and financial assets, and all certificates and instruments, if any, from time to time representing or evidencing such accounts;

(ii) all promissory notes, certificates of deposit, deposit accounts, checks and other instruments from time to time delivered to or otherwise possessed by the Administrative Agent for or on behalf of such Loan Party, including, without limitation, those delivered or possessed in substitution for or in addition to any or all of the then existing Account Collateral; and

(iii) all interest, dividends, distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Account Collateral;

(g) the following (collectively, the "Intellectual Property"):

(i) all patents, patent applications, utility models and statutory invention registrations, all inventions claimed or disclosed therein and all improvements thereto ("Patents");

(ii) all trademarks, service marks, domain names, trade dress, logos, designs, slogans, trade names, business names, corporate names and other source identifiers, whether registered or unregistered (provided that no security interest shall be granted in United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law), together, in each case, with the goodwill symbolized thereby ("Trademarks");

(iii) all copyrights, including, without limitation, copyrights in Computer Software, internet web sites and the content thereof, whether registered or unregistered ("Copyrights");

(iv) all computer software, programs and databases (including, without limitation, source code, object code and all related applications and data files), firmware and documentation and materials relating thereto, together with any and all maintenance rights, service rights, programming rights, hosting rights, test rights, improvement rights, renewal rights and indemnification rights and any substitutions, replacements, improvements, error corrections, updates and new versions of any of the foregoing ("Computer Software");

(v) all confidential and proprietary information, including, without limitation, know-how, trade secrets, manufacturing and production processes and techniques, inventions, research and development information, databases and data, including, without limitation, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information (collectively, "Trade Secrets"), and all other intellectual, industrial and intangible property of any type, including, without limitation, industrial designs and mask works;

(vi) all registrations and applications for registration for any of the foregoing, including, without limitation, those registrations and applications for registration in the United States (other than patent applications) set forth in Schedule II hereto (as such Schedule II may be supplemented from time to time by supplements to the IP Security Agreement, each such supplement being substantially in the form of Exhibit G hereto (an "IP Security Agreement Supplement"), executed by such Loan Party to the Administrative Agent from time to time), together with all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations thereof;

(vii) all tangible embodiments of the foregoing, all rights in the foregoing provided by international treaties or conventions, all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of such Loan Party accruing thereunder or pertaining thereto;

(viii) all agreements, permits, consents, orders and franchises relating to the license, development, use or disclosure of any of the foregoing to which such Loan Party,

now or hereafter, is a party or a beneficiary, including, without limitation, the material and key agreements not entered into in the ordinary course of business set forth in Schedule III hereto (such scheduled agreements, the "IP Agreements"); and

(ix) any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages;

(h) all of the right, title and interest of the Loan Parties in all real property the title to which is held by the Loan Parties, or the possession of which is held by the Loan Parties pursuant to leasehold interest, and in all such leasehold interests, together in each case with all of the right, title and interest of the Loan Parties in and to all buildings, improvements, and fixtures related thereto, any lease or sublease thereof, all general intangibles relating thereto and all proceeds thereof (collectively, the "Real Property Collateral");

(i) all proceeds of licenses granted to the Loan Parties by the Federal Communications Commission;

(j) all books and records (including, without limitation, customer lists, credit files, printouts and other computer output materials and records) of such Loan Party pertaining to any of the Collateral; and

(k) all proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and supporting obligations relating to, any and all of the Collateral (including, without limitation, proceeds, collateral and supporting obligations that constitute property of the types described in clauses (a) through (j) of this Section 9.01 and this clause (k)) and, to the extent not otherwise included, all (A) payments under insurance (whether or not the Administrative Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral, (B) tort claims, including, without limitation, all commercial tort claims and (C) cash.

; provided, however, that Collateral shall not include any Excluded Property.

Section 9.02 Further Assurances. (a) Each Loan Party agrees that from time to time, at the expense of such Loan Party, such Loan Party will promptly execute and deliver, or otherwise authenticate, all further instruments and documents, and take all further action that may be necessary or desirable, or that any Agent may reasonably request, in order to perfect and protect any pledge or security interest granted or purported to be granted by such Loan Party hereunder or to enable such Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral of such Loan Party. Without limiting the generality of the foregoing, each Loan Party will promptly with respect to Collateral of such Loan Party: (i) if any such Collateral shall be evidenced by a promissory note or other instrument or chattel paper, upon request of the Administrative Agent, deliver and pledge to such Agent hereunder such note or instrument or chattel paper duly indorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to such Agent; (ii) execute or authenticate and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as any Agent may reasonably request, in order to perfect and preserve the security interest granted or purported to be granted by such Loan Party hereunder; (iii) at the request of any Agent, deliver to such Agent for benefit of the Secured Parties certificates representing Pledged Collateral that constitutes certificated securities, accompanied by

undated stock or bond powers executed in blank; (iv) take all action necessary to ensure that such Agent has control of Pledged Collateral and of Collateral consisting of deposit accounts, electronic chattel paper, letter-of-credit rights and transferable records as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the UCC and in Section 16 of the Uniform Electronics Transactions Act, as in effect in the jurisdiction governing such transferable record; (v) at the request of any Agent, take all necessary action to ensure that such Agent's security interest is noted on any certificate of ownership related to any Collateral evidenced by a certificate of ownership; (vi) at the reasonable request of any Agent, take commercially reasonable efforts to cause such Agent to be the beneficiary under all letters of credit that constitute Collateral, with the exclusive right to make all draws under such letters of credit, and with all rights of a transferee under Section 5-114(e) of the UCC; and (vii) deliver to such Agent evidence that all other action that such Agent may deem reasonably necessary or desirable in order to perfect and protect the security interest created by such Loan Party under this Agreement has been taken. From time to time upon reasonable request by any Agent, each Loan Party will, at such Loan Party's expense, cause to be delivered to such Agent, for the benefit of the Secured Parties, an opinion of counsel, from outside counsel reasonably satisfactory to such Agent, as to such matters relating to the transactions contemplated by this Article IX as such Agent may reasonably request.

(b) Each Loan Party hereby authorizes each Agent to file one or more financing or continuation statements, and amendments thereto, including, without limitation, one or more financing statements indicating that such financing statements cover all assets or all personal property (or words of similar effect) of such Loan Party, in each case without the signature of such Loan Party, and regardless of whether any particular asset described in such financing statements falls within the scope of the UCC or the granting clause of this Agreement. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. Each Loan Party ratifies its authorization for each Agent to have filed such financing statements, continuation statements or amendments filed prior to the date hereof.

(c) Each Loan Party will furnish to each Agent from time to time statements and schedules further identifying and describing the Collateral of such Loan Party and such other reports in connection with such Collateral as such Agent may reasonably request, all in reasonable detail.

(d) Notwithstanding subsections (a) and (b) of this Section 9.02, or any failure on the part of any Loan Party or any Agent to take any of the actions set forth in such subsections, the Liens and security interests granted herein shall be deemed valid, enforceable and perfected by entry of the Interim Order and the Final Order, as applicable. No financing statement, notice of lien, mortgage, deed of trust or similar instrument in any jurisdiction or filing office need be filed or any other action taken in order to validate and perfect the Liens and security interests granted by or pursuant to this Agreement, the Interim Order or the Final Order.

Section 9.03 Rights of Lender; Limitations on Lenders' Obligations. (a) Subject to each Loan Party's rights and duties under the Bankruptcy Code (including Section 365 of the Bankruptcy Code), and anything herein to the contrary notwithstanding, (i) each Loan Party shall remain liable under the contracts and agreements included in such Loan Party's Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Administrative Agent of any of the rights hereunder shall not release any Loan Party from any of its duties or obligations under the contracts and agreements included in the Collateral and (iii) no Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or any other Loan Document, nor shall any Secured Party be obligated to perform any of the obligations or duties of any Loan Party thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

(b) Except as otherwise provided in this subsection (b), each Loan Party will continue to collect, at its own expense, all amounts due or to become due such Loan Party under the Accounts and Related Contracts. In connection with such collections, such Loan Party may take (and, upon the occurrence and during the continuance of an Event of Default, at the Administrative Agent's direction, will take) such action as such Loan Party or the Administrative Agent may deem necessary or advisable to enforce collection of the Accounts and Related Contracts; provided, however, that, subject to any requirement of notice provided in the DIP Financing Orders or in Section 6.01, the Administrative Agent shall have the right at any time, upon the occurrence and during the continuance of an Event of Default, to notify the obligors under any Accounts and Related Contracts of the assignment of such Accounts and Related Contracts to the Administrative Agent and to direct such obligors to make payment of all amounts due or to become due to such Loan Party thereunder directly to the Administrative Agent and, upon such notification and at the expense of such Loan Party, to enforce collection of any such Accounts and Related Contracts, to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Loan Party might have done, and to otherwise exercise all rights with respect to such Accounts and Related Contracts, including, without limitation, those set forth in Section 9-607 of the UCC. Upon and during the exercise by the Administrative Agent on behalf of the Lenders of any of the remedies described in the proviso of the immediately preceding sentence, (i) any and all amounts and proceeds (including, without limitation, instruments) received by such Loan Party in respect of the Accounts and Related Contracts of such Loan Party shall be received in trust for the benefit of the Administrative Agent hereunder, shall be segregated from other funds of such Loan Party and shall be forthwith paid over to the Administrative Agent in the same form as so received (with any necessary endorsement) to be deposited in a collateral account maintained with the Administrative Agent and applied as provided in Section 9.07(b) and (ii) such Loan Party will not adjust, settle or compromise the amount or payment of any Account or amount due on any Related Contract, release wholly or partly any obligor thereof, or allow any credit or discount thereon. No Loan Party will permit or consent to the subordination of its right to payment under any of the Accounts and Related Contracts to any other indebtedness or obligations of the obligor thereof.

(c) Each Initial Lender shall have the right to make test verification of the Accounts (other than Accounts that any Loan Party is required to maintain as "classified") in any manner and through any medium that it considers advisable in its reasonable discretion, and each Loan Party agrees to furnish all such assistance and information as any Initial Lender may reasonably require in connection therewith.

Section 9.04 Covenants of the Loan Parties with Respect to Collateral. Each Loan Party hereby covenants and agrees with the Administrative Agent that from and after the date of this Agreement and until the Secured Obligations (other than contingent indemnification obligations which are not then due and payable) are fully satisfied or cash collateralized:

(a) Delivery and Control of Pledged Collateral.

(i) All certificates or instruments representing or evidencing Pledged Collateral shall be delivered to and held by or on behalf of the Administrative Agent pursuant hereto at the request of the Administrative Agent, and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Administrative Agent. In addition, the Administrative Agent shall have the right at any time to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations.

(ii) With respect to any Pledged Collateral in which any Loan Party has any right, title or interest and that constitutes an uncertificated security, upon the request of the

Administrative Agent such Loan Party will cause the issuer thereof either (i) to register the Administrative Agent as the registered owner of such security or (ii) to agree in an authenticated record with such Loan Party and the Administrative Agent that such issuer will comply with instructions with respect to such security originated by the Administrative Agent without further consent of such Loan Party, such authenticated record to be in form and substance reasonably satisfactory to the Administrative Agent. With respect to any Pledged Collateral in which any Loan Party has any right, title or interest and that is not an uncertificated security, upon the request of the Administrative Agent, such Loan Party will notify each such issuer of Pledged Equity that such Pledged Equity is subject to the security interest granted hereunder.

(iii) Except as provided in Section 9.07, such Loan Party shall be entitled to receive all cash dividends paid in respect of the Initial Pledged Collateral (other than liquidating or distributing dividends) with respect to the Initial Pledged Equity. Any sums paid upon or in respect of any of the Pledged Equity upon the liquidation or dissolution of any issuer of any of the Initial Pledged Equity, any distribution of capital made on or in respect of any of the Initial Pledged Equity or any property distributed upon or with respect to any of the Initial Pledged Equity pursuant to the recapitalization or reclassification of the capital of any issuer of Initial Pledged Equity or pursuant to the reorganization thereof shall be delivered to the Administrative Agent to hold as collateral for the Secured Obligations.

(iv) Except as provided in Section 9.07, such Loan Party will be entitled to exercise all voting, consent and corporate rights with respect to Pledged Equity; provided, however, that no vote shall be cast, consent given or right exercised or other action taken by such Loan Party which would impair the Pledged Collateral or which would be inconsistent in any material respect with or result in any violation of any provision of this Agreement or any other Loan Document or, without prior notice to the Administrative Agent, to enable or take any other action to permit any issuer of Pledged Equity to issue any stock or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock or other equity securities of any nature of any issuer of Pledged Equity other than issuances, transfers and grants to a Loan Party.

(v) Such Loan Party shall not grant control over any investment property to any Person other than the Administrative Agent, except to the extent permitted pursuant to this Agreement.

(vi) In the case of each Loan Party which is an issuer of Pledged Equity, such Loan Party agrees to be bound by the terms of this Agreement relating to the Pledged Equity issued by it and will comply with such terms insofar as such terms are applicable to it.

(b) Maintenance of Records. Such Loan Party will keep and maintain, at its own cost and expense, satisfactory and complete records of the Collateral, in all material respects, including, without limitation, a record of all payments received and all credits granted with respect to the Collateral and all other material dealings concerning the Collateral. For the Administrative Agent's further security, each Loan Party agrees that the Administrative Agent shall have a property interest in all of such Loan Party's books and records pertaining to the Collateral and, upon the occurrence and during the continuation of an Event of Default, such Loan Party shall deliver and turn over any such books and records to the Administrative Agent or to its representatives at any time on demand of the Administrative Agent.

(c) Indemnification With Respect to Collateral. In any suit, proceeding or action brought by the Administrative Agent relating to any Collateral for any sum owing thereunder or

to enforce any provision of any Collateral, such Loan Party will save, indemnify and keep the Secured Parties harmless from and against all expense, loss or damage suffered by the Secured Parties by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the obligor thereunder, arising out of a breach by such Loan Party of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to, or in favor of, such obligor or its successors from such Loan Party, and all such obligations of such Loan Party shall be and remain enforceable against and only against such Loan Party and shall not be enforceable against the Administrative Agent.

(d) Limitation on Liens on Collateral. Such Loan Party will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral except Liens permitted under Section 5.02(a) and will defend the right, title and interest of the Administrative Agent in and to all of such Loan Party's rights under the Collateral against the claims and demands of all Persons whomsoever other than claims or demands arising out of Liens permitted under Section 5.02(a).

(e) As to Intellectual Property Collateral.

(i) Except as set forth in the last sentence of this clause (i), with respect to each item of its Intellectual Property Collateral, each Loan Party agrees to take, at its expense, all necessary steps, including, without limitation, in the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other United States governmental authority, to (A) maintain the validity and enforceability of such Intellectual Property Collateral and maintain such Intellectual Property Collateral in full force and effect, and (B) pursue the registration and maintenance of each patent, trademark, or copyright registration or application, now or hereafter included in such Intellectual Property Collateral of such Loan Party, including, without limitation, the payment of required fees and taxes, the filing of responses to office actions issued by the U.S. Patent and Trademark Office, the U.S. Copyright Office or other governmental authorities, the filing of applications for renewal or extension, the filing of affidavits under Sections 8 and 15 of the U.S. Trademark Act, the filing of divisional, continuation, continuation-in-part, reissue and renewal applications or extensions, the payment of maintenance fees and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings. Except to the extent permitted pursuant to this Agreement, no Loan Party shall, without the written consent of the Administrative Agent, discontinue use of or otherwise abandon any Intellectual Property Collateral, or abandon any right to file an application for patent, trademark, or copyright, unless such Loan Party shall have previously determined that such use or the pursuit or maintenance of such Intellectual Property Collateral is no longer desirable in the conduct of such Loan Party's business and that the loss thereof would not be reasonably likely to have a Material Adverse Effect, in which case, such Loan Party will give notice quarterly of any such abandonment to the Administrative Agent.

(ii) Each Loan Party shall take all steps which it or the Administrative Agent deems reasonable and appropriate under the circumstances to preserve and protect each item of its Intellectual Property Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the Trademarks, consistent with the quality of the products and services as of the date hereof, and taking all steps necessary to ensure that all licensed users of any of the Trademarks use such consistent standards of quality.

(iii) Each Loan Party agrees that should it obtain a material ownership interest in any item of the type set forth in Section 9.01(g) that is not on the date hereof a part of the Intellectual Property Collateral ("After-Acquired Intellectual Property") (i) the provisions of this Agreement shall automatically apply thereto, and (ii) any such After-Acquired Intellectual Property and, in the case of trademarks, the goodwill symbolized thereby, shall automatically become part of the Intellectual Property Collateral subject to the terms and conditions of this Agreement with respect thereto. At the end of each quarter, each Loan Party shall give prompt written notice to the Administrative Agent identifying the After-Acquired Intellectual Property (other than patent applications and trade secrets, the disclosure of which shall not be required until a patent is issued) acquired during such quarter, and such Loan Party shall execute and deliver to the Administrative Agent with such written notice, or otherwise authenticate, an IP Security Agreement Supplement covering such After-Acquired Intellectual Property and any newly issued patents, which IP Security Agreement Supplement may be recorded with the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authorities necessary to perfect the security interest hereunder in such After-Acquired Intellectual Property.

Section 9.05 Performance by Agent of the Loan Parties' Obligations. (a) Administrative Agent Appointed Attorney-in-Fact. Each Loan Party hereby irrevocably appoints the Administrative Agent such Loan Party's attorney-in-fact after the occurrence and during the continuance of an Event of Default, with full authority in the place and stead of such Loan Party and in the name of such Loan Party or otherwise, from time to time, in the Administrative Agent's discretion, to take any action and to execute any instrument that the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(i) to obtain and adjust insurance required to be paid to the Administrative Agent pursuant to this Agreement,

(ii) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,

(iii) to receive, indorse and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) or (ii) above, and

(iv) to file any claims or take any action or institute any proceedings that the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Administrative Agent with respect to any of the Collateral.

(b) Administrative Agent May Perform. If any Loan Party fails to perform any agreement contained herein, the Administrative Agent may, as the Administrative Agent deems necessary to protect the security interest granted hereunder in the Collateral or to protect the value thereof, but without any obligation to do so and without notice, itself perform, or cause performance of, such agreement, and the expenses of the Administrative Agent incurred in connection therewith shall be payable by such Loan Party under Section 10.04.

(c) Performance of such Loan Party's agreements as permitted under this Section 9.05 shall in no way constitute a violation of the automatic stay provided by Section 362 of the Bankruptcy Code and each Loan Party hereby waives applicability thereof. Moreover, the Administrative

Agent shall in no way be responsible for the payment of any costs incurred in connection with preserving or disposing of Collateral pursuant to Section 506(c) of the Bankruptcy Code and the Collateral may not be charged for the incurrence of any such cost.

Section 9.06 The Administrative Agent's Duties. (a) The powers conferred on the Administrative Agent hereunder are solely to protect the Secured Parties' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property.

(b) Anything contained herein to the contrary notwithstanding, the Administrative Agent may from time to time, when the Administrative Agent deems it to be necessary, appoint one or more subagents (each a "Subagent") for the Administrative Agent hereunder with respect to all or any part of the Collateral. In the event that the Administrative Agent so appoints any Subagent with respect to any Collateral, (i) the assignment and pledge of such Collateral and the security interest granted in such Collateral by each Loan Party hereunder shall be deemed for purposes of this Security Agreement to have been made to such Subagent, in addition to the Administrative Agent, for the ratable benefit of the Secured Parties, as security for the Secured Obligations of such Loan Party, (ii) such Subagent shall automatically be vested, in addition to the Administrative Agent, with all rights, powers, privileges, interests and remedies of the Administrative Agent hereunder with respect to such Collateral, and (iii) the term "Administrative Agent," when used herein in relation to any rights, powers, privileges, interests and remedies of the Administrative Agent with respect to such Collateral, shall include such Subagent; provided, however, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Administrative Agent.

Section 9.07 Remedies. If any Event of Default shall have occurred and be continuing:

(a) Subject to and in accordance with the DIP Financing Orders, the Administrative Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral) and also may: (i) require each Loan Party to, and each Loan Party hereby agrees that it will at its expense and upon request of the Administrative Agent forthwith, assemble all or part of the Collateral as directed by the Administrative Agent and make it available to the Administrative Agent at a place and time to be designated by the Administrative Agent that is reasonably convenient to both parties; (ii) without notice except as specified below or in the DIP Financing Orders, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable; (iii) occupy any premises owned or leased by any of the Loan Parties where the Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to such Loan Party in respect of such occupation; and (iv) exercise any and all rights and remedies of any of the Loan Parties under or in connection with the Collateral, or otherwise in respect of the Collateral, including, without limitation, (A) any and all rights of such Loan Party to demand or otherwise require payment of any amount

under, or performance of any provision of, the Accounts, the Related Contracts and the other Collateral, (B) withdraw, or cause or direct the withdrawal, of all funds with respect to the Account Collateral and (C) exercise all other rights and remedies with respect to the Accounts, the Related Contracts and the other Collateral, including, without limitation, those set forth in Section 9-607 of the UCC. Each Loan Party agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to such Loan Party of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Administrative Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by or on behalf of the Administrative Agent and all cash proceeds received by or on behalf of the Administrative Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Administrative Agent, be held by the Administrative Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Administrative Agent pursuant to Section 9.08) in whole or in part by the Administrative Agent for the ratable benefit of the Secured Parties against, all or any part of the Secured Obligations, in the following manner:

(i) first, paid ratably to each Agent for any amounts then owing to such Agent pursuant to Section 10.04 or otherwise under the Loan Documents; and

(ii) second, ratably (A) paid to the Secured Parties for any amounts then owing to them, in their capacities as such, in respect of the Secured Obligations ratably in accordance with such respective amounts then owing to such Secured Parties, (B) paid to each Lender Party (or its applicable Affiliate) for any amounts then owing to such Lender Party (or such Affiliate) in respect of Cash Management Obligations, Secured Hedge Agreements and Secured Credit Card Obligations and (C) deposited as Collateral in the L/C Cash Collateral Account up to an amount equal to 105% of the aggregate Available Amount of all outstanding Letters of Credit, provided that in the event that any such Letter of Credit is drawn, the Administrative Agent shall pay to the Issuing Bank that issued such Letter of Credit the amount held in the L/C Cash Collateral Account in respect of such Letter of Credit, provided further that, to the extent that any such Letter of Credit shall expire or terminate undrawn and as a result thereof the amount of the Collateral in the L/C Cash Collateral Account shall exceed 105% of the aggregate Available Amount of all then outstanding Letters of Credit, such excess amount of such Collateral shall be applied in accordance with the remaining order of priority set out in this Section 9.07(b).

(c) All payments received by any Loan Party under or in connection with the Collateral shall be received in trust for the benefit of the Administrative Agent, and after the occurrence, continuance and declaration of an Event of Default, shall be segregated from other funds of such Loan Party and shall be forthwith paid over to the Administrative Agent in the same form as so received (with any necessary endorsement).

(d) The Administrative Agent may, without notice to any Loan Party except as required by law or by the DIP Financing Orders and at any time or from time to time, charge, set off and otherwise apply all or any part of the Secured Obligations against any funds held with respect to the Account Collateral or in any other deposit account.

(e) In the event of any sale or other disposition of any of the Intellectual Property Collateral of any Loan Party, the goodwill symbolized by any Trademarks subject to such sale or other disposition shall be included therein, and such Loan Party shall supply to the Administrative Agent or its designee such Loan Party's know-how and expertise, and documents and things relating to any Intellectual Property Collateral subject to such sale or other disposition, and such Loan Party's customer lists and other records and documents relating to such Intellectual Property Collateral and to the manufacture, distribution, advertising and sale of products and services of such Loan Party.

(f) The Administrative Agent is authorized, in connection with any sale of the Pledged Collateral pursuant to this Section 9.07, to deliver or otherwise disclose to any prospective purchaser of the Pledged Collateral any information in its possession relating to such Pledged Collateral.

(g) To the extent that any rights and remedies under this Section 9.07 would otherwise be in violation of the automatic stay of section 362 of the Bankruptcy Code, such stay shall be deemed modified, as set forth in the Interim Order or Final Order, as applicable, to the extent necessary to permit the Administrative Agent to exercise such rights and remedies.

Section 9.08 Modifications. (a) Except as specifically contemplated in the Interim Order in respect of collateral arrangements between the Revolving Credit Facility and the Term Facility upon and following entry of the Final Order, the Liens, lien priority, administrative priorities and other rights and remedies granted to the Administrative Agent for the benefit of the Lenders pursuant to this Agreement and the DIP Financing Orders (specifically, including, but not limited to, the existence, perfection and priority of the Liens provided herein and therein and the administrative priority provided herein and therein) shall not be modified, altered or impaired in any manner by any other financing or extension of credit or incurrence of Debt by any of the Loan Parties (pursuant to Section 364 of the Bankruptcy Code or otherwise), or by any dismissal or conversion of any of the Cases, or by any other act or omission whatsoever (other than in connection with any disposition permitted hereunder). Without limitation, notwithstanding any such order, financing, extension, incurrence, dismissal, conversion, act or omission:

(i) except for the Carve-Out having priority over the Secured Obligations, no costs or expenses of administration which have been or may be incurred in any of the Cases or any conversion of the same or in any other proceedings related thereto, and no priority claims, are or will be prior to or on a parity with any claim of the Administrative Agent or the Lenders against the Loan Parties in respect of any Obligation;

(ii) the liens and security interests granted herein and in the DIP Financing Orders shall constitute valid and perfected first priority liens and security interests (subject only to (A) the Carve-Out, (B) valid and perfected liens, (C) Permitted Liens in existence on the Petition Date and junior to such valid and perfected Liens and Liens permitted pursuant to Section 5.02(a), and (D) only to the extent such post-petition perfection is expressly permitted by the Bankruptcy Code, valid, nonavoidable and enforceable Liens existing as of the Petition Date, but perfected after the Petition Date, in accordance with subsections 364(c)(2) and (3) and 364(d) of the Bankruptcy Code, and shall be prior to all other Liens and security interests (other than those set forth in sub-clauses (A) through (D) herein), now existing or hereafter arising, in favor of any other creditor or any other Person whatsoever (except that the execution and delivery of local law governed pledge or analogous documentation with respect to Equity Interests in Subsidiaries of the Borrower organized in jurisdictions outside the United States, and the filing, notarization, registration or other publication thereof, and the taking of other actions, if any, required under

local law of the relevant jurisdictions of organization for the effective grant and perfection of a Lien on such Equity Interests under laws of such jurisdictions or organization outside the United States, may be required in order to fully grant, perfect and protect such security interests under such local laws); and

(iii) the liens and security interests granted hereunder shall continue valid and perfected without the necessity that financing statements be filed or that any other action be taken under applicable nonbankruptcy law.

(b) Notwithstanding any failure on the part of any Loan Party or the Administrative Agent or the Lenders to perfect, maintain, protect or enforce the liens and security interests in the Collateral granted hereunder, the Interim Order and the Final Order (when entered) shall automatically, and without further action by any Person, perfect such liens and security interests against the Collateral.

Section 9.09 Release; Termination. (a) Upon any sale, lease, transfer or other disposition of any item of Collateral of any Loan Party in accordance with the terms of the Loan Documents (other than sales of Inventory in the ordinary course of business), the Administrative Agent will, at such Loan Party's expense, execute and deliver to such Loan Party such documents as such Loan Party shall reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted hereby; provided, however, that (i) at the time of such request and such release no Default shall have occurred and be continuing, (ii) such Loan Party shall have delivered to the Administrative Agent, at least 5 Business Days prior to the date of the proposed release, a written request for release describing the item of Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, including, without limitation, the price thereof and any expenses in connection therewith, together with a form of release for execution by the Administrative Agent and a certificate of such Loan Party to the effect that the transaction is in compliance with the Loan Documents and as to such other matters as the Administrative Agent may request, and (iii) the proceeds of any such sale, lease, transfer or other disposition required to be applied, or any payment to be made in connection therewith, in accordance with Section 2.06 shall, to the extent so required, be paid or made to, or in accordance with the instructions of, the Administrative Agent when and as required under Section 2.06, and (iv) in the case of Collateral sold or disposed of, the release of a Lien created hereby will not be effective until the receipt by the Administrative Agent of the Net Cash Proceeds arising from the sale or disposition of such Collateral.

(b) Upon the latest of (i) the payment in full in cash of the Secured Obligations (other than contingent indemnification obligations which are not then due and payable), (ii) the Termination Date and (iii) the termination or expiration of all Letters of Credit, the pledge and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the applicable Loan Party. Upon any such termination, the Administrative Agent will, at the applicable Loan Party's expense, execute and deliver to such Loan Party such documents as such Loan Party shall reasonably request to evidence such termination.

ARTICLE X

MISCELLANEOUS

Section 10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders (or the Initial Lenders, as applicable) and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the

specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 3.01(a) without the written consent of each Initial Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 2.05 or Section 6.01) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Advance, or any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(e) change (i) Section 2.02(a) in a manner that would alter the pro rata nature of Borrowings required thereby, (ii) Section 2.13 in a manner that would alter the pro rata sharing of payments required thereby or (iii) Section 9.07(b) in a manner that would alter the pro rata sharing of cash and cash proceeds required thereby, in each case with respect to clauses (i), (ii) and (iii) of this Section 10.01(e), without the written consent of each Lender;

(f) change the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or grant any consent hereunder, without the written consent of each Lender;

(g) amend, restate, supplement or otherwise modify any provision of this Agreement or the DIP Financing Orders in any manner that would impair the interests of the Lenders in Priority Collateral under either the Revolving Credit Facility or the Term Facility, in each case without the consent of Lenders holding a majority in interest of the Obligations under such Facility;

(h) except in connection with a transaction permitted under this Agreement, release all or substantially all of the Guarantors from the Guaranty or release all or a material portion of the Collateral or release the superpriority claim without the written consent of each Lender;

(i) amend, modify or waive the provisions of Section 5.04(b) without the consent of the Supermajority Lenders; and

(j) change the definition of any of "Availability", "Eligible Inventory", "Eligible Receivables", "Initial Lenders", "Loan Value" or "Reserves", in each case, without the written consent of the Initial Lenders; provided that any change in the definition of "Loan Value" or "Availability" that would result in an increase in either the Borrowing Base or Availability shall require the written consent of each Lender;

and provided further that (i) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender or the Issuing Banks, as the case may be, in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender or of the Issuing Banks, as the case may be, under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by it;

and (ii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

Section 10.02 Notices, Etc. (a) All notices and other communications provided for hereunder shall be in writing (including telegraphic or telecopy communication) and mailed, telegraphed, telecopied or delivered, if to the Borrower or any Guarantor, at the Borrower's address at 4500 Dorr Street, Toledo, Ohio 43615, Attention: Treasurer, as well as to (i) the attention of the general counsel of the Borrower at the Borrower's address, fax number (419) 535-4544, and (ii) Jones Day, counsel to the Loan Parties, at its address at 222 East 41st Street, New York, New York 10017, Attention: Robert L. Cunningham, fax number (212) 755-7306; if to any Initial Lender or the Initial Issuing Banks, at its Applicable Lending Office, respectively, specified opposite its name on Schedule I hereto; if to any other Lender Party, at its Applicable Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender Party; if to the Administrative Agent, at its address at 388 Greenwich Street, New York, New York 10013, fax number (212) 816-2613, Attention: Hien Nugent, as well as to Shearman & Sterling, counsel to the Administrative Agent, at its address at 599 Lexington Avenue, New York, New York 10022, fax number (212) 848-7179, Attention: Maura O'Sullivan, Esq.; or, as to the Borrower, any Guarantor or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telegraphed or telecopied, be effective three Business Days after being deposited in the U.S. mails, first class postage prepaid, delivered to the telegraph company or confirmed as received when sent by telecopier, respectively, except that notices and communications to the Administrative Agent pursuant to Article II, III or VII shall not be effective until received by the Administrative Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

(b) The Borrower hereby agrees that it will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a Conversion of an existing, Borrowing or other Extension of Credit (including any election of an interest rate or interest period relating thereto), (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under this Agreement or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any Borrowing or other Extension of Credit thereunder (all such non-excluded communications being referred to herein collectively as "COMMUNICATIONS"), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Administrative Agent to oploanswebadmin@citigroup.com. In addition, the Borrower agrees to continue to provide the Communications to the Administrative Agent in the manner specified in the Loan Documents but only to the extent requested by the Administrative Agent. The Borrower further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on IntraLinks or a substantially similar electronic transmission system (the "PLATFORM").

(c) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE PLATFORM

AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (COLLECTIVELY, "AGENT PARTIES") HAVE ANY LIABILITY TO THE BORROWER, ANY LENDER PARTY OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(d) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender Party agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender Party for purposes of the Loan Documents. Each Lender Party agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender Party's e-mail address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address. Nothing herein shall prejudice the right of the Administrative Agent or any Lender Party to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

Section 10.03 No Waiver; Remedies. No failure on the part of any Lender Party or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 10.04 Costs, Fees and Expenses. (a) The Borrower agrees (i) to pay or reimburse the Initial Lenders for all reasonable costs and expenses incurred in connection with the development, preparation, negotiation and execution of this Agreement (which shall be deemed to include any predecessor transaction contemplated to be entered into with the Initial Lenders) and the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby (including the monitoring of, and participation in, all aspects of the Cases), including all fees, expenses and disbursements of one joint outside counsel for the Administrative Agent and the Initial Lenders, and (ii) to pay or reimburse the Initial Lenders (including, without limitation, CNAI in its capacity as Administrative Agent) for all reasonable costs and expenses incurred in connection with (A) the ongoing maintenance and monitoring of Availability and (B) enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any "workout" or restructuring in respect of the Obligations and during any

legal proceeding, including any proceeding under any Debtor Relief Law), including all reasonable fees, expenses and disbursements of outside counsel for the Initial Lenders (including, without limitation, CNAI in its capacity as Administrative Agent). The foregoing fees, costs and expenses shall include all search, filing, recording, title insurance, collateral review, monitoring, and appraisal charges and fees and taxes related thereto, and other reasonable out-of-pocket expenses incurred by the Initial Lenders and the cost of independent public accountants and other outside experts retained jointly by the Initial Lenders. All amounts due under this Section 10.04(a) shall be payable within ten Business Days after demand therefor accompanied by an appropriate invoice. The agreements in this Section shall survive the termination of the Commitments and repayment of all other Obligations.

(b) Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify and hold harmless each Agent-Related Person, each Lender and their respective Affiliates, directors, officers, employees, counsel, agents, advisors, attorneys-in-fact and representatives (collectively the "Indemnitees") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, fees and disbursements of counsel), joint or several that may be incurred by, or asserted or awarded against any Indemnitee, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with (i) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (ii) any Commitment, Advance or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by an Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Borrower or any other Loan Party, or any Liability related in any way to the Borrower or any other Loan Party in respect of Environmental Laws, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such claim, damage, loss, liability or expense is determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted primarily from the gross negligence or willful misconduct of such Indemnitee. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 10.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower or any of its Subsidiaries, any security holders or creditors of the foregoing an Indemnitee or any other Person, or an Indemnitee is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. No Indemnitee shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the Borrower or any of its Subsidiaries for or in connection with the transactions contemplated hereby, except to the extent such liability is determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnitee's gross negligence or willful misconduct. In no event, however, shall any Indemnitee be liable on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings). No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement. All amounts due under this Section 10.04(b) shall be payable within two Business Days after demand therefor. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by the Borrower to or for the account of a Lender Party other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.06, 2.09(b)(i) or 2.10(d), acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or if the Borrower fails to make any payment or prepayment of an Advance for which a notice of prepayment has been given or that is otherwise required to be made, whether pursuant to Section 2.04, 2.06 or 6.01 or otherwise, the Borrower shall, upon demand by such Lender Party (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender Party any amounts required to compensate such Lender Party for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion or such failure to pay or prepay, as the case may be, including, without limitation, any actual loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender Party to fund or maintain such Advance.

Section 10.05 Right of Set-off. Subject to the DIP Financing Orders, upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender Party and each of its respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender Party or such Affiliate to or for the credit or the account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing under this Agreement and the Note or Notes (if any) held by such Lender Party, irrespective of whether such Lender Party shall have made any demand under this Agreement or such Note or Notes and although such obligations may be unmatured. Each Lender Party agrees promptly to notify the Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender Party and its respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender Party and its respective Affiliates may have.

Section 10.06 Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower, the Guarantors, each Agent, the Initial Issuing Banks and the Initial Swing Line Lender and the Administrative Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, each Agent and each Lender Party and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of each Lender Party.

Section 10.07 Successors and Assigns. (a) Each Lender may assign all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment or Commitments, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations under and in respect of any or all Facilities, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender, an Affiliate of any Lender or an Approved Fund of any Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the aggregate amount of the Commitments being assigned to such Eligible Assignee pursuant to such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $1,000,000 or, in the case of an assignment of the Revolving Credit Facility, $5,000,000 under each Facility for which a Commitment is being assigned, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and

deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note or Notes (if any) subject to such assignment and a processing and recordation fee of $3,500.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender or Issuing Bank, as the case may be, hereunder and (ii) the Lender or Issuing Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Sections 2.10, 2.12 and 10.04 to the extent any claim thereunder relates to an event arising prior to such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the remaining portion of an assigning Lender's or Issuing Bank's rights and obligations under this Agreement, such Lender or Issuing Bank shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, each Lender Party assignor thereunder and each assignee thereunder confirm to and agree with each other and the other parties thereto and hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender Party makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; (ii) such assigning Lender Party makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon any Agent, such assigning Lender Party or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to such Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender or Issuing Bank, as the case may be.

(d) The Administrative Agent, acting for this purpose (but only for this purpose) as the agent of the Borrower, shall maintain at its address referred to in Section 10.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lender Parties and the Commitment under each Facility of, and principal amount of the Advances owing under each Facility to, each Lender Party from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agents and the Lender Parties may treat each Person whose name is recorded in the Register as a Lender Party hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Agent or any Lender Party at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender Party and an assignee, together with any Note or Notes subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof and a copy of such Assignment and Acceptance to the Borrower and each other Agent. In the case of any assignment by a Lender, within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the surrendered Note or Notes (if any) a new Note to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it under each Facility pursuant to such Assignment and Acceptance and, if any assigning Lender that had a Note or Notes prior to such assignment has retained a Commitment hereunder under such Facility, a new Note to the order of such assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Note or Notes shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 or A-2 hereto, as the case may be.

(f) Each Issuing Bank may assign to one or more Eligible Assignees all or a portion of its rights and obligations under the undrawn portion of its Letter of Credit Commitment at any time; provided, however, that (i) each such assignment shall be to an Eligible Assignee and (ii) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of $3,500.

(g) Each Lender Party may sell participations to one or more Persons (other than any Loan Party or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments, the Advances owing to it and any Note or Notes held by it); provided, however, that (i) such Lender Party's obligations under this Agreement (including, without limitation, its Commitments) shall remain unchanged, (ii) such Lender Party shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender Party shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agents and the other Lender Parties shall continue to deal solely and directly with such Lender Party in connection with such Lender Party's rights and obligations under this Agreement, (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest (other than default interest) on, the Advances or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or release a substantial portion of the value of the Collateral or the value of the Guaranties and (vi) the participating banks or other entities shall be entitled to the benefit of Section 2.12 to the same extent as if they were a Lender Party but, with respect to any particular participant, to no greater extent than the Lender Party that sold the participation to such participant and only if such participant agrees to comply with Section 2.12(e) as though it were a Lender Party.

(h) Any Lender Party may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.07, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Lender Party by or on behalf of the Borrower; provided, however, that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information received by it from such Lender Party in accordance with Section 10.09 hereof.

(i) Notwithstanding any other provision set forth in this Agreement, any Lender Party may at any time (and without the consent of the Administrative Agent or the Borrower) create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and any Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System

(j) Notwithstanding anything to the contrary contained herein, any Lender that is a fund that invests in bank loans may create a security interest in all or any portion of the Advances owing to it and the Note or Notes held by it to the trustee for holders of obligations owed, or securities issued, by such fund as security for such obligations or securities, provided, however, that unless and until such trustee actually becomes a Lender in compliance with the other provisions of this Section 10.07, (i) no such pledge shall release the pledging Lender from any of its obligations under the Loan Documents and (ii) such trustee shall not be entitled to exercise any of the rights of a Lender under the Loan Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise.

(k) Notwithstanding anything to the contrary contained herein, any Lender Party (a "Granting Lender") may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower (an "SPC") the option to provide all or any part of any Advance that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; provided, however, that (i) nothing herein shall constitute a commitment by any SPC to fund any Advance, and (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Advance, the Granting Lender shall be obligated to make such Advance pursuant to the terms hereof. The making of an Advance by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Advance were made by such Granting Lender. Each party hereto hereby agrees that (i) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender Party would be liable, (ii) no SPC shall be entitled to the benefits of Sections 2.10 and 2.12 (or any other increased costs protection provision) and (iii) the Granting Lender shall for all purposes, including, without limitation, the approval of any amendment or waiver of any provision of any Loan Document, remain the Lender Party of record hereunder. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior Debt of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under the laws of the United States or any State thereof. Notwithstanding anything to the contrary contained in this Agreement, any SPC may (i) with notice to, but without prior consent of, the Borrower and the Administrative Agent, assign all or any portion of its interest in any Advance to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Advances to any rating agency, commercial paper dealer or provider of any surety or guarantee or credit or liquidity enhancement to such SPC. This subsection (k) may not be amended without the prior written consent of each Granting Lender, all or any part of whose Advances are being funded by the SPC at the time of such amendment.

Section 10.08 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 10.09 Confidentiality; Press Releases and Related Matters. (a) No Agent or Lender Party shall disclose any Confidential Information to any Person without the consent of the

Borrower, other than (i) to such Agent's or such Lender Party's Affiliates and their officers, directors, employees, agents and advisors and to actual or prospective Eligible Assignees and participants, and then only on a confidential, need-to-know basis, (ii) as requested or required by any law, rule or regulation or judicial process or (iii) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking.

(b) Each of the parties hereto and each party joining hereafter agrees that neither it nor its Affiliates will in the future issue any press releases or other public disclosure using the name of any Lender or its Affiliates or referring to this Agreement or any of the other Loan Documents without at least 2 Business Days' prior notice to such Lender and without the prior written consent of such Lender or unless (and only to the extent that) such party or Affiliate is required to do so under law and then, in any event, such party or Affiliate will consult with the Borrower, the Administrative Agent and such Lender before issuing such press release or other public disclosure. Each party consents to the publication by the Agents or any Lender Party of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement. The Agents reserve the right to provide to industry trade organizations such necessary and customary information needed for inclusion in league table measurements.

Section 10.10 Patriot Act Notice.(a) Each Lender Party and each Agent (for itself and not on behalf of any Lender Party) hereby notifies the Loan Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender Party or such Agent, as applicable, to identify such Loan Party in accordance with the Patriot Act. The Borrower shall, and shall cause each of its Subsidiaries to, provide the extent commercially reasonable, such information and take such actions as are reasonably requested by any Agents or any Lender Party in order to assist the Agents and the Lender Parties in maintaining compliance with the Patriot Act.

Section 10.11 Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Loan Documents in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

Section 10.12 Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York and, to the extent applicable, the Bankruptcy Code.

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Section 10.13 Waiver of Jury Trial. Each of the Guarantors, the Borrower, the Agents and the Lender Parties irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the Advances or the actions of the Administrative Agent or any Lender Party in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

DANA CORPORATION, a debtor and a debtor-in-possession, as Borrower

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

By /s/ Michael L. DeBacker

Name: Michael L. DeBacker
Title: Vice President, Secretary and General Counsel

BRAKE SYSTEMS, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

BWDAC, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

COUPLED PRODUCTS, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

DAKOTA NEW YORK CORP.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

DANA ATLANTIC LLC FKA GLACIER
DAIDO AMERICA, LLC
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President

DANA AUTOMOTIVE AFTERMARKET, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Secretary

DANABRAZIL HOLDINGS LLC
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

DANA BRAZIL HOLDINGS 1 LLC
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: President

DANA INFORMATION TECHNOLOGY LLC
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

DANA INTERNATIONAL FINANCE, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: President

DANA INTERNATIONAL HOLDINGS, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

DANA RISK MANAGEMENT SERVICES, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President

DANA TECHNOLOGY INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

DANA WORLD TRADE CORPORATION
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

DANDORR L.L.C.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President

DORR LEASING CORPORATION
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

DTF TRUCKING, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

ECHLIN-PONCE, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

EFMC LLC
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

EPE, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

ERS LLC
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

FLIGHT OPERATIONS, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President

FRICTION INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

FRICTION MATERIALS, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

GLACIER VANDERVELL INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

HOSE & TUBING PRODUCTS, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

LIPE CORPORATION
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

LONG AUTOMOTIVE LLC
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

LONG COOLING LLC
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

LONG USA LLC
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

MIDLAND BRAKE, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name:

Title:

PRATTVILLE MFG., INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name:

Title:

REINZ WISCONSIN GASKET LLC
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name:

Title:

SPICER HEAVY AXLE & BRAKE, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name:

Title:

SPICER HEAVY AXLE HOLDINGS, INC.
As a debtor and a debtor-in-possession,
and each a Guarantor

By /s/ Teresa Mulawa

Name:

Title:

SPICER OUTDOOR POWER EQUIPMENT COMPONENTS LLC
As a debtor and a debtor-in-possession, and each a Guarantor

By /s/ Teresa Mulawa

Name:

Title:

TORQUE-TRACTION INTEGRATION TECHNOLOGIES LLC
As a debtor and a debtor-in-possession, and each a Guarantor

By /s/ Teresa Mulawa

Name:

Title:

TORQUE-TRACTION MANUFACTURING TECHNOLOGIES LLC
As a debtor and a debtor-in-possession, and each a Guarantor

By /s/ Teresa Mulawa

Name:

Title:

TORQUE-TRACTION TECHNOLOGIES LLC
As a debtor and a debtor-in-possession, and each a Guarantor

By /s/ Teresa Mulawa

Name:

Title:

UNITED BRAKE SYSTEMS INC.
As a debtor and a debtor-in-possession, and each a Guarantor

By /s/ Teresa Mulawa

Name:

Title:

CITICORP NORTH AMERICA, INC., as
Administrative Agent

By /s/ Shapleigh B. Smith

Name: Shapleigh B. Smith
Title: Managing Director

CITICORP NORTH AMERICA, INC., as
Initial Issuing Bank

By /s/ Shapleigh B. Smith

Name: Shapleigh B. Smith
Title: Managing Director

CITICORP NORTH AMERICA, INC., as
Initial Swing Line Lender

By /s/ Shapleigh B. Smith

Name: Shapleigh B. Smith
Title: Managing Director

BANK OF AMERICA, N.A., as Initial Issuing Bank and as Co-Syndication Agent

By /s/ Brian J. Wright

Name: Brian J. Wright
Title: SVP

JPMORGAN CHASE BANK, N.A., as Initial Issuing Bank and as Co-Syndication Agent

By /s/ Susan E. Atkins

Name: Susan E. Atkins
Title: Managing Director

CITICORP NORTH AMERICA, INC., as Initial Lender

By /s/ Shapleigh B. Smith

Name: Shapleigh B. Smith
Title: Managing Director

JPMORGAN CHASE BANK, N.A., as Initial Lender

By /s/ Richard W. Duker

Name: Richard W. Duker
Title: Managing Director

BANK OF AMERICA, N.A., as Initial Lender

By /s/ Brian J. Wright

Name: Brian J. Wright
Title: SVP

EXHIBIT 10-X(1)

AMENDMENT NO. 1 TO THE SENIOR SECURED SUPERPRIORITY CREDIT AGREEMENT

DATED AS OF MARCH 30, 2006

AMENDMENT NO. 1 TO THE SECURED SUPERPRIORITY CREDIT AGREEMENT (this "Amendment") among Dana Corporation, a Virginia corporation and a debtor and debtor-in-possession in a case pending under chapter 11 of the Bankruptcy Code (the "Borrower"), the Guarantors party hereto, each of which is a debtor and debtor-in-possession in a case pending under chapter 11 of the Bankruptcy Code, the financial institutions and other institutional lenders party hereto, and Citicorp North America, Inc. ("CNAI"), as administrative agent (the "Administrative Agent") for the Lenders.

PRELIMINARY STATEMENTS:

(1) The Borrower, the Guarantors, the financial institutions and other institutional lenders party thereto (the "Lenders"), the Administrative Agent and the other agents party thereto have entered into a Senior Secured Superpriority Credit Agreement dated as of March 3, 2006 (as amended, supplemented or otherwise modified through the date hereof, the "Credit Agreement"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Borrower has requested that the Required Lenders agree to amend certain provisions of the Credit Agreement as described herein.

(3) The Initial Lenders and the Required Lenders have agreed, subject to the terms and conditions stated below, to amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendments to Credit Agreement. The Credit Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is amended by inserting the following new terms in the correct alphabetical order:

"Account Debtor" means the Person obligated on an Account.

"Borrowing Base Certificate" means a certificate in substantially the form of Exhibit I hereto (with such changes therein as may be required by the Administrative Agent or the Initial Lenders to reflect the components of, and reserves against, the Borrowing Base as provided for hereunder from time to time), executed and certified as accurate and complete by a Responsible Officer of the Borrower or by the controller of the Borrower, which shall include detailed calculations as to the Borrowing Base as reasonably requested by the Administrative Agent or the Initial Lenders.

"Borrowing Base Deficiency" means, at any time, the failure of (a) the Borrowing Base at such time to equal or exceed (b) the sum of (i) the aggregate principal amount of the Revolving Credit and Swing Line Advances outstanding at such time plus (ii) the aggregate Available Amount under all Letters of Credit outstanding at such time.

"Concentration Limit" means, as to each Account Debtor set forth on Schedule VI, the applicable percentage of Accounts owing from such Account Debtor.

"Eligible Inventory" means, at the time of any determination thereof, without duplication, the Inventory Value of the Loan Parties at such time that is not ineligible for inclusion in the calculation of the Borrowing Base pursuant to any of clauses (a) through (o) below. Criteria and eligibility standards used in determining Eligible Inventory may be fixed and revised from time to time by the Administrative Agent in its reasonable discretion. Unless otherwise from time to time approved in writing by the Administrative Agent, no Inventory shall be deemed Eligible Inventory if, without duplication:

(a) a Loan Party does not have good, valid and unencumbered title thereto, subject only to Liens permitted under clause (i), (ii) or (iv) of the definition of Permitted Liens ("Permitted Collateral Liens"); or

(b) it is not located in the United States, Mexico or Canada; provided that in the case of Inventory located in Mexico or Canada, the Borrower provides evidence satisfactory to the Administrative Agent that there is an enforceable, perfected security interest under the laws of the applicable foreign jurisdiction in such Inventory in favor of the Administrative Agent; provided further that Availability in respect of Inventory located in Mexico shall be limited to an aggregate amount up to $25,000,000; or

(c) it is either (i) not located on property owned by a Loan Party or (ii) located at a third party processor or (except in the case of consigned Inventory, which is covered by clause (f) below) in another location not owned by a Loan Party (it being understood that the Borrower will provide its best estimate of the value of such Inventory to be agreed to by the Administrative Agent and reflected in the Borrowing Base Certificate), and either (A) is not covered by a Landlord Lien Waiver, (B) a Rent Reserve has not been taken with respect to such Inventory or, in the case of any third party processor, a Reserve has not been taken by the Administrative Agent in the exercise of its reasonable discretion or (C) is not subject to an enforceable agreement in form and substance reasonably satisfactory to the Administrative Agent pursuant to which the relevant Loan Party has validly assigned its access rights to such Inventory and property to the Administrative Agent; or

(d) it is operating supplies, labels, packaging or shipping materials, cartons, repair parts, labels or miscellaneous spare parts, nonproductive stores inventory and other such materials, in each case not considered used for sale in the ordinary course of business of the Loan Parties by the Administrative Agent in its reasonable discretion from time to time; or

(e) it is not subject to a valid and perfected first priority Lien in favor of the Administrative Agent subject only to Permitted Collateral Liens; or

(f) it is consigned at a customer, supplier or contractor location but still accounted for in the Loan Party's inventory balance; or

(g) it is Inventory that is in-transit to or from a location not leased or owned by a Loan Party (it being understood that the Borrower will provide its best estimate of the value of all such Inventory, which estimate is to be reflected in the Borrowing Base Certificate) other than any such in-transit Inventory from a Foreign Subsidiary to a Loan Party that is physically in-transit within the United States and as to which a Reserve has been taken by the Administrative Agent in the exercise of its reasonable discretion; or

(h) it is obsolete, slow-moving, nonconforming or unmerchantable or is identified as a write-off, overstock or excess by a Loan Party, or does not otherwise conform to the representations and warranties contained in this Agreement and the other Loan Documents applicable to Inventory; or

(i) it is Inventory used as a sample or prototype, display or display item; or

(j) to the extent of any portion of Inventory Value thereof attributable to intercompany profit among Loan Parties or their affiliates (it being understood that the Borrower will provide its best estimate of the value of such Inventory Value to be agreed by the Administrative Agent and reflected in the most recent Borrowing Base Certificate); or

(k) any Inventory that is damaged, defective or marked for return to vendor, has been deemed by a Loan Party to require rework or is being held for quality control purposes; or

(l) such Inventory does not meet all material applicable standards imposed by any Governmental Authority having regulatory authority over it; or

(m) any Inventory consisting of tooling the costs for which are capitalized by the Borrower and its Subsidiaries;

(n) any Inventory as to which the Borrower takes an unrecorded book to physical inventory reduction based on its most recent physical inventory or cycle counts to the extent of such reduction or as otherwise determined by the Administrative Agent in its reasonable discretion; or

(o) any Inventory as to which the Borrower takes a revaluation reserve whereby favorable variances shall be deducted from Eligible Inventory and unfavorable variances shall not be added to Eligible Inventory.

"Eligible Receivables" means, at the time of any determination thereof, each Account that satisfies the following criteria: such Account (i) has been invoiced to, and represents the bona fide amounts due to a Loan Party from, the purchaser of goods or services, in each case originated in the ordinary course of business of such Loan Party and (ii) is not ineligible for inclusion in the calculation of the Borrowing Base pursuant to any of clauses (a) through (s) below. In determining the amount to be so included, the face amount of an Account shall be reduced by, without duplication, to the extent not reflected in such face amount, (A) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that a Loan Party may be obligated to rebate

to a customer pursuant to the terms of any written agreement or understanding), (B) the aggregate amount of all limits and deductions provided for in this definition and elsewhere in this Agreement, if any, and (C) the aggregate amount of all cash received in respect of such Account but not yet applied by a Loan Party to reduce the amount of such Account. Criteria and eligibility standards used in determining Eligible Receivables may be fixed and revised from time to time by the Administrative Agent in its reasonable discretion. Unless otherwise approved from time to time in writing by the Administrative Agent, no Account shall be an Eligible Receivable if, without duplication:

(a) (i) a Loan Party does not have sole lawful and absolute title to such Account (subject only to Liens permitted under clause (ii) or (iv) of the definition of Permitted Liens) or (ii) the goods sold with respect to such Account have been sold under a purchase order or pursuant to the terms of a contract or other written agreement or understanding that indicates that any Person other than a Loan Party has or has purported to have an ownership interest in such goods; or

(b) (i) it is unpaid more than 90 days from the original date of invoice or 60 days from the original due date or (ii) it has been written off the books of a Loan Party or has been otherwise designated on such books as uncollectible; or

(c) more than 50% in face amount of all Accounts of the same Account Debtor are ineligible pursuant to clause (b) above; or

(d) the Account Debtor is insolvent or the subject of any bankruptcy case or insolvency proceeding of any kind (other than postpetition accounts payable of an Account Debtor that is a debtor-in-possession under the Bankruptcy Code and reasonably acceptable to the Administrative Agent); or

(e) (i) the Account is not payable in Dollars or Canadian Dollars or other currency as to which a Reserve has been taken by the Administrative Agent in the exercise of its reasonable discretion or (ii) the Account Debtor is either not organized under the laws of the United States of America, any state thereof, or the District of Columbia, or Canada or any province thereof or is located outside or has its principal place of business or substantially all of its assets outside the United States or Canada, unless, in each case, either (A) such Account is supported by a letter of credit from an institution and in form and substance satisfactory to the Administrative Agent in its sole discretion or (B) the Borrower provides evidence satisfactory to the Administrative Agent that there is an enforceable, perfected security interest under the laws of the applicable foreign jurisdiction in such Account in favor of the Administrative Agent; or

(f) the Account Debtor is the United States of America or any department, agency or instrumentality thereof, unless the relevant Loan Party duly assigns its rights to payment of such Account to the Administrative Agent pursuant to the Assignment of Claims Act of 1940, as amended, which assignment and related documents and filings shall be in form and substance reasonably satisfactory to the Administrative Agent; or

(g) the Account is subject to any security deposit (to the extent received from the applicable Account Debtor), progress payment, retainage or other similar advance made by or for the benefit of the applicable Account Debtor, in each case to the extent thereof; or

(h) (i) it is not subject to a valid and perfected first priority Lien in favor of the Administrative Agent, subject to no other Liens other than Liens permitted by this Agreement or (ii) it does not otherwise conform in all material respects to the representations and warranties contained in this Agreement and the other Loan Documents relating to Accounts; or

(i) (i) such Account was invoiced in advance of goods or services provided, (ii) such Account was invoiced twice or more, or (iii) the associated revenue has not been earned; or

(j) the sale to the Account Debtor is on a bill-and-hold, guaranteed sale, sale-and-return, ship-and-return, sale on approval or consignment or other similar basis or made pursuant to any other agreement providing for repurchases or return of any merchandise which has been claimed to be defective or otherwise unsatisfactory; or

(k) the goods giving rise to such Account have not been shipped and/or title has not been transferred to the Account Debtor, or the Account represents a progress-billing or otherwise does not represent a complete sale; for purposes hereof, "progress-billing" means any invoice for goods sold or leased or services rendered under a contract or agreement pursuant to which the Account Debtor's obligation to pay such invoice is conditioned upon the completion by a Loan Party of any further performance under the contract or agreement; or

(l) it arises out of a sale made by a Loan Party to an employee, officer, agent, director, Subsidiary or Affiliate of a Loan Party; or

(m) such Account was not paid in full, and a Loan Party created a new receivable for the unpaid portion of the Account, and other Accounts constituting chargebacks, debit memos and other adjustments for unauthorized deductions; or

(n) (A) the Account Debtor (i) has or has asserted a right of set-off, offset, deduction, defense, dispute, or counterclaim against a Loan Party (unless such Account Debtor has entered into a written agreement reasonably satisfactory to the Administrative Agent to waive such set-off, offset, deduction, defense, dispute, or counterclaim rights), (ii) has disputed its liability (whether by chargeback or otherwise) or made any claim with respect to the Account or any other Account of a Loan Party which has not been resolved, in each case of clauses (i) and (ii), without duplication, only to the extent of the amount of such actual or asserted right of set-off, or the amount of such dispute or claim, as the case may be (except to the extent that such right of set-off (x) may not be exercised as a result of the automatic stay pursuant to Section 362 of the Bankruptcy Code or (y) otherwise may not be currently exercised pursuant to the terms of the Final Order) or (iii) is also a

creditor or supplier of the Loan Party (but only to the extent of such Loan Party's obligations to such Account Debtor from time to time) or (B) the Account is contingent in any respect or for any reason; or

(o) the Account does not comply in all material respects with the requirements of all applicable laws and regulations, whether Federal, state or local, including without limitation, the Federal Consumer Credit Protection Act, Federal Truth in Lending Act and Regulation Z; or

(p) as to any Account, to the extent that (i) a check, promissory note, draft, trade acceptance or other instrument for the payment of money has been received, presented for payment and returned uncollected for any reason or (ii) such Account is otherwise classified as a note receivable and the obligation with respect thereto is evidenced by a promissory note or other debt instrument or agreement; or

(q) the Account is created on cash on delivery terms, or on extended terms and is due and payable more than 90 days from the invoice date; or

(r) the Account represents tooling receivables related to tooling that has not been completed or received by a Loan Party and approved and accepted by the applicable customer; or

(s) Accounts designated by a Loan Party as convenience accounts.

Notwithstanding the forgoing, all Accounts of any single Account Debtor and its Affiliates which, in the aggregate, exceed (i) in respect of any Account Debtor, 20% of all Eligible Receivables or (ii) as to any Account Debtor set forth on Schedule VI, the Concentration Limit (provided that the Concentration Limit with respect to Eligible Receivables owing from Ford Motor Company shall be increased to 33% for four months of each year to be agreed between the Borrower and the Administrative Agent in the exercise of its reasonable discretion). In addition, in determining the aggregate amount from the same Account Debtor that is unpaid more than 90 days from the date of invoice or more than 60 days from the due date pursuant to clause (b) above there shall be excluded the amount of any net credit balances relating to Accounts due from an Account Debtor with invoice dates more than 90 days from the date of invoice or more than 60 days from the due date.

"Inventory Value" means with respect to any Inventory of a Loan Party at the time of any determination thereof, the standard cost determined on a first in first out basis and carried on the general ledger or inventory system of such Loan Party stated on a basis consistent with its current and historical accounting practices, in Dollars, determined in accordance with the standard cost method of accounting less, without duplication, (i) any markup on Inventory from an affiliate and (ii) in the event variances under the standard cost method are expensed, a reserve reasonably determined by the Administrative Agent as appropriate in order to adjust the standard cost of Eligible Inventory to approximate actual cost.

"Landlord Lien Waiver" means a written agreement that is reasonably acceptable to the Administrative Agent, pursuant to which a Person shall waive or subordinate its rights (if any, that are or would be prior to the Liens granted to the Administrative Agent for the benefit of the Lenders under the Loan Documents) and claims as landlord in any Inventory of a Loan Party for unpaid rents, grant access to the Administrative Agent for the repossession and sale of such inventory and make other agreements relative thereto.

"Related Assets" means, all (i) all Related Security with respect to all Accounts, (ii) lockboxes, lockbox accounts or any collection account, in each case if and to the extent of any such interest therein, (iii) proceeds of the foregoing, including all funds received by any Person in payment of any amounts owed (including invoice prices, finance charges, interest and all other charges, if any) in respect of any Accounts described above or Related Security with respect to any such Accounts, or otherwise applied to repay or discharge any such Accounts (including insurance payments applied in the ordinary course of business to amounts owed in respect of any such Accounts and net proceeds of any sale or other disposition of repossessed goods that were the subject of any such Accounts) or other collateral or property of any Person obligated to make payments under Accounts or any other party directly or indirectly liable for payment of such Account and (iv) records relating to the foregoing.

"Related Security" means, with respect to any Account, (i) all of the applicable Loan Party's right, title and interest in and to the goods (including returned or repossessed goods), if any, relating to the sale which gave rise to such Account, (ii) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Account, whether pursuant to the obligation giving rise to such Account or otherwise, (iii) all guarantees and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Account whether pursuant to the obligation giving rise to such Account or otherwise, (iv) all records relating to the foregoing and (v) all proceeds of the foregoing.

"Rent Reserve" means, with respect to any plant, warehouse distribution center or other operating facility where any Inventory subject to landlords' Liens or other Liens arising by operation of law is located, a reserve equal to three (3) month's rent at such plant, warehouse distribution center, or other operating facility, and such other reserve amounts that may be determined by the Administrative Agent in its reasonable discretion.

"Revolving Credit Collateral" means (a) all Accounts and Related Contracts, (b) all Inventory, (c) all Related Assets, (d) all Account Collateral and (e) Intellectual Property to the extent necessary to sell, transfer, convey or otherwise dispose of the Accounts and Inventory.

"Supermajority Revolving Credit Lenders" means, at any time, Lenders owed or holding at least 80% in interest of the sum of (a) the aggregate principal amount of the Revolving Credit Advances outstanding at such time, (b) the aggregate Available Amount of all Letters of Credit outstanding at such time, and (c) the aggregate Unused Revolving Credit Commitment at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall

be excluded from the determination of Required Lenders at such time (A) the aggregate principal amount of the Revolving Credit Advances owing to such Lender (in its capacity as a Lender) and outstanding at such time, (B) such Lender's Pro Rata Share of the aggregate Available Amount of all Letters of Credit issued by such Lender and outstanding at such time, and (C) the Unused Revolving Credit Commitment of such Lender at such time. For purposes of this definition, the aggregate amount of Swing Line Advances owing to any Swing Line Lender, the aggregate principal amount of Letter of Credit Advances owing to the Issuing Banks and the Available Amount of each Letter of Credit shall be considered to be owed to the Lenders ratably in accordance with their respective Revolving Credit Commitments.

"Term Collateral" means all Collateral other than Revolving Credit Collateral.

(b) Section 1.01 of the Credit Agreement is hereby further amended by amending and restating the definition of "Reserves" in its entirety as follows:

"Reserves" means, at any time of determination, (a) Rent Reserves, (b) the Carve-Out and (c) such other reserves as determined from time to time in the reasonable discretion of the Administrative Agent to preserve and protect the value of the Collateral."

(c) Section 1.01 of the Credit Agreement is hereby further amended in the definition of "Maturity Date" by deleting the words "eighteen months" and inserting the words "twenty-four months" in clause (i) thereof.

(d) Article I of the Credit Agreement is hereby amended by inserting a new Section 1.04 as follows:

"Section 1.04. Terms Generally. When any Reserve is to be established or a change in any amount, percentage, reserve, eligibility criteria or other item in the definitions of the terms "Borrowing Base", "Eligible Inventory", "Eligible Receivables" and "Rent Reserve" is to be determined in each case in the Administrative Agent's "reasonable discretion", such Reserve shall be implemented or such change shall become effective on the date of delivery of a written notice thereof to the Borrower (a "Borrowing Base Change Notice"), or immediately, without prior written notice, during the continuance of an Event of Default."

(e) Section 2.03(a)(i) of the Credit Agreement is hereby amended by inserting at the end of the first sentence therein the following:

"or (z) the sum of (1) the aggregate principal amount of all Revolving Credit Advances plus Swing Line Advances and Letter of Credit Advances outstanding at such time plus (2) the aggregate Available Amount of all Letters of Credit outstanding at such time exceed the Borrowing Base at such time".

(f) Section 2.03(a) of the Credit Agreement is hereby amended by inserting a new clause at the end thereof as follows:

"(iv) Letters of Credit may be issued for the account of a Subsidiary that is not a Loan Party so long as such Subsidiary is primarily liable for its reimbursement obligations thereunder pursuant to a separate reimbursement agreement entered into between such Subsidiary and the applicable Issuing Bank, to the extent practicable (in the Issuing Bank's sole discretion)."

(g) Section 2.07 (a)(i) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (A) the Base Rate in effect from time to time plus (B) the Applicable Margin in effect from time to time, payable in arrears monthly on the first Business Day of each month during such periods."

(h) Section 2.08 of the Credit Agreement is hereby amended by (i) deleting the word "quarterly" and replacing it with the word "monthly" in clause (a)(i) and (ii) deleting clause (a)(ii) and replacing it with the words "Intentionally Omitted".

(i) Section 3.02 of the Credit Agreement is hereby amended by (i) inserting the following new clauses at the end of clause (i) therein:

"(D) no Borrowing Base Deficiency will exist after giving effect to such Borrowing, issuance or renewal and to the application of the proceeds therefrom; and

(ii) the Lenders shall have received the Borrowing Base Certificate most recently required to be delivered pursuant to Section 5.03(q), the calculations contained in which shall be reasonably satisfactory to the Administrative Agent; and".

(j) Section 5.01 of the Credit Agreement is hereby amended by (i) inserting the following new clause (iv) at the end of clause (e) thereof:

"(iv) Permit third-party appraisals of Inventory; provided that such third-party appraisals may be conducted (i) no more than once per year or (ii) upon the occurrence and continuance of an Event of Default."

and (ii) deleting the word "30" in clause (k) thereof and replacing it with the word "60".

(k) Section 5.02(a) of the Credit Agreement is hereby amended by (i) deleting the word "and" at the end of clause (vi) therein and (ii) inserting the following new clause (viii) as follows:

"and (viii) Liens on cash or cash equivalents to secure cash management obligations to Keybank National Association provided that such cash or cash equivalents are not in excess of $1,000,000"

(l) Section 5.02(b) of the Credit Agreement is hereby amended by (i) deleting the word "and" at the end of clause (x) therein, (ii) inserting a new clause (xi) as follows:

"(xi) payables owing to suppliers in connection with the Tooling Program, and"

and (iii) sequentially renumbering the remaining clause.

(m) Section 5.03 of the Credit Agreement is hereby amended by (i) amending and restating clause (f) in its entirety as follows:

> "(f) Cash Flows. (i) No later than the last Business Day of each month, commencing March 31, 2006, a cash flow forecast detailing cash receipts and cash disbursements on a weekly basis for the next 13 weeks (a "Thirteen Week Forecast"), the information and calculations contained in which shall be reasonably satisfactory to the Initial Lenders and (ii) as promptly as possible following delivery of a Thirteen Week Forecast and in no event later than five Business Days following such delivery, a Budget Variance Report for the month then ended."

and (ii) inserting the following new clause at the end thereof:

> "(q) Borrowing Base Certificate. A Borrowing Base Certificate substantially in the form of Exhibit I as of the date required to be delivered or so requested, in each case with supporting documentation (including, without limitation, the documentation described in Schedule 1 to Exhibit I) shall be furnished to the Initial Lenders: (i) as soon as available and in any event prior to the Initial Extension of Credit to be made after the date of entry of the Final Order, (ii)(A) after the Initial Extension of Credit, on or before the 15th day following the end of each fiscal month, which monthly Borrowing Base Certificate shall reflect the Accounts and Inventory updated as of the end of each such month and (B) in addition to such monthly Borrowing Base Certificates, (x) upon the occurrence and continuance of an Event of Default or if Availability is less than $150,000,000, on or before the third Business Day following the end of each week, which weekly Borrowing Base Certificate shall reflect the Accounts updated as of the immediately preceding Friday; provided that if Availability is equal to or greater than $250,000,000 for three consecutive Business Days, such Borrowing Base Certificate shall be delivered pursuant to clause (ii)(A) herein and (y) on or before the third Business Day of each week, weekly updates of Accounts, certified by a Responsible Officer, and (iii) if requested by the Initial Lenders at any other time when the Initial Lenders reasonably believe that the then existing Borrowing Base Certificate is materially inaccurate, as soon as reasonably available after such request, in each case with supporting documentation as the Initial Lenders may reasonably request (including without limitation, the documentation described on Schedule 1 to Exhibit I)."

(n) Section 5.04(a) of the Credit Agreement is hereby amended by (i) deleting the table contained therein and (ii) inserting a new table as follows:

Month	Period then Ended	EBITDAR
May 2006	3 months	$ 25,000,000
June 2006	4 months	$ 40,000,000
July 2006	5 months	$ 55,000,000
August 2006	6 months	$ 75,000,000

September 2006	7 months	$105,000,000
October 2006	8 months	$135,000,000
November 2006	9 months	$165,000,000
December 2006	10 months	$195,000,000
January 2007	11 months	$230,000,000
February 2007	12 months	$250,000,000
March 2007	12 months	$250,000,000
April 2007	12 months	$250,000,000
May 2007	12 months	$250,000,000
June 2007	12 months	$250,000,000
July 2007	12 months	$250,000,000
August 2007	12 months	$250,000,000
September 2007	12 months	$250,000,000
October 2007	12 months	$250,000,000
November 2007	12 months	$250,000,000
December 2007	12 months	$250,000,000
January 2008	12 months	$250,000,000
February 2008	12 months	$250,000,000

(o) Section 7.01 of the Credit Agreement is hereby amended by inserting a new clause at the end thereof as follows:

"(c) Citicorp North America, Inc. hereby appoints Citicorp USA, Inc. to act as "collateral agent" or as "administrative agent" solely for the purpose of negotiating, executing, accepting delivery of and otherwise acting pursuant to collateral access agreements, Landlord Lien Waivers or any other similar agreement."

(p) Section 9.07 of the Credit Agreement is hereby amended by (i) amending and restating clause (b)(ii) in its entirety as follows:

"second:

(A) in the case of the Revolving Credit Collateral, first ratably (1) paid to the Revolving Credit Lenders for any amounts then owing to them, in their capacities as such, in respect of the Obligations under the Revolving Credit Facility ratably in accordance with such respective amounts then owing to such Revolving Credit Lenders, (2) paid to each Lender Party (or its applicable Affiliate) for any amounts then owing to such Lender Party (or such Affiliate) in respect of Secured Credit Card Obligations in an aggregate amount for all such obligations not to exceed $25,000,000, (3) paid to each Lender Party (or its applicable Affiliate) for any amounts then owing to such Lender Party (or such Affiliate) in respect of Cash Management Obligations and Secured Hedge Agreements in an aggregate amount for all such obligations not to exceed the sum of $25,000,000 plus the unused amount, if any, under the foregoing clause (2) and (4) deposited as Collateral in the L/C Cash Collateral Account up to an amount equal to 105% of the aggregate Available Amount of all outstanding Letters of Credit, provided that in the event that any such Letter of Credit is drawn, the Administrative Agent shall pay to the Issuing Bank that issued such Letter of Credit the amount held in the L/C Cash Collateral Account in respect of such Letter of Credit, provided further that, to the extent that any such Letter of Credit shall expire or terminate undrawn and as a result thereof the amount of the Collateral in the L/C Cash Collateral Account shall exceed 105% of the aggregate Available Amount of all then outstanding Letters of Credit, such excess amount of such Collateral shall be applied in accordance with the remaining order of priority set out in this Section 9.07(b) and second ratably paid to the Term Lenders for any amounts then owing to them, in their capacities as such, in respect of the Obligations under the Term Facility; and

(B) in the case of the Term Collateral, first ratably paid to the Term Lenders for any amounts then owing to them, in their capacities as such, in respect of the Obligations under the Term Facility and second ratably (1) paid to the Revolving Credit Lenders for any amounts then owing to them, in their capacities as such, in respect of the Obligations under the Revolving Credit Facility ratably in accordance with such respective amounts then owing to such Revolving Credit Lenders, (2) paid to each Lender Party (or its applicable Affiliate) for any amounts then owing to such Lender Party (or such Affiliate) in respect of Secured Credit Card Obligations in an aggregate amount for all such obligations not to exceed $25,000,000, (3) paid to each Lender Party (or its applicable Affiliate) for any amounts then owing to such Lender Party (or such Affiliate) in respect of Cash Management Obligations and Secured Hedge Agreements in an aggregate amount for all such obligations not to exceed the sum of $25,000,000 plus the unused amount, if any, under the foregoing clause (2) and (4) deposited as Collateral in the L/C Cash Collateral Account up to an amount equal to 105% of the aggregate Available Amount of all outstanding Letters of Credit, provided that in the event that any such Letter of Credit is drawn, the Administrative Agent shall pay to the Issuing Bank that issued such Letter of Credit the amount held in the L/C Cash Collateral Account in respect of such Letter of Credit, provided further that, to the extent that any such Letter of Credit shall expire or terminate undrawn and as a result thereof the amount of the Collateral in the L/C Cash Collateral Account shall exceed 105% of the aggregate Available Amount of all then outstanding Letters of Credit, such excess amount of such Collateral shall be applied in accordance with the remaining order of priority set out in this Section 9.07(b)."

and (ii) inserting a new clause (b)(iii) as follows:

> "(iii) third, ratably to each Lender Party (or its applicable Affiliate) for any amounts then owing to such Lender Party (or such Affiliate), to the extent not included in clause (ii) above, in respect of all remaining Cash Management Obligations, obligations under Secured Hedge Agreements and Secured Credit Card Obligations."

(q) Section 10.01(j) of the Credit Agreement is hereby amended and restated in its entirety as follows:

> "change the definition of any of "Availability", "Eligible Inventory", "Eligible Receivables", "Initial Lenders", "Loan Value" or "Reserves", in each case, without the written consent of the Initial Lenders; provided that any change in the definition of "Loan Value" or "Availability" that would result in an increase in either the Borrowing Base or Availability shall require the written consent of the Supermajority Revolving Credit Lenders;".

(r) Annex I hereto is inserted as a new Exhibit I to the Credit Agreement.

(s) Annex II hereto is inserted as a new Schedule VI to the Credit Agreement.

(t) Schedule 5.01(n)(iii) is hereby amended by inserting the following new clause therein:

> "(iv) Promptly upon the funding of the Term Advance, the Borrower shall repay all outstanding Pre-Petition Secured Indebtedness as authorized by the DIP Financing Orders."

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when, and only when, the following conditions have been satisfied, and concurrent with the Borrowing of the Term Facility:

(a) the Administrative Agent shall have received counterparts of this Amendment executed by each Loan Party and the Required Lenders or, as to any of the Lenders, advice satisfactory to the Agent that such Lender has executed this Amendment,

(b) the Administrative Agent shall have received a certificate signed by a duly authorized officer of the Borrower stating that: (x) the representations and warranties contained in Article IV of the Credit Agreement are true and correct in all material respects on and as of the date of such certificate as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a date other than the date of such certificate; and (y) no event has occurred and is continuing that constitutes a Default, and

(c) all fees and expenses of the Administrative Agent and the Lenders (including all reasonable fees and expenses of counsel to the Administrative Agent), to the extent invoiced prior to the date hereof, shall have been paid.

SECTION 3. Confirmation of Representations and Warranties. Each of the Loan Parties hereby represents and warrants, on and as of the date hereof, that the representations and warranties contained in the Credit Agreement are true and correct in all material respects on and as of the

date hereof, before and after giving effect to this Amendment, as though made on and as of the date hereof, other than any such representations or warranties that, by their terms, refer to a specific date.

SECTION 4. Affirmation of Guarantors. Each Guarantor hereby consents to the amendments to the Credit Agreement effected hereby, and hereby confirms and agrees that, notwithstanding the effectiveness of this Amendment, the obligations of such Guarantor contained in Article VIII of the Credit Agreement, as amended hereby, or in any other Loan Documents to which it is a party are, and shall remain, in full force and effect and are hereby ratified and confirmed in all respects, except that, on and after the effectiveness of this Amendment, each reference in Article VIII of the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

SECTION 5. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) The Credit Agreement, the Notes and each of the other Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under the Credit Agreement or any other Loan Document, nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document.

SECTION 6. Costs, Expenses. The Borrowers agree to pay on demand all costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 10.04 of the Credit Agreement.

SECTION 7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 8. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York, and to the extent applicable, the Bankruptcy Code.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

DANA CORPORATION,
a debtor and debtor-in-possession, as Borrower

By /s/ Michael L. DeBacker

Name: Michael L. DeBacker
Title: Vice-President

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

BRAKE SYSTEMS, INC.
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

BWDAC, INC.
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

COUPLED PRODUCTS, INC.
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

DAKOTA NEW YORK CORP.
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa
Title: Treasurer

DANA ATLANTIC LLC FKA GLACIER DAIDO AMERICA, LLC
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President

DANA AUTOMOTIVE AFTERMARKET, INC.
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Secretary

DANA BRAZIL HOLDINGS LLC
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

DANA BRAZIL HOLDINGS I LLC
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: President

DANA INFORMATION TECHNOLOGY LLC
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

DANA INTERNATIONAL FINANCE, INC.
As a debtor and a debtor-in-possession,
and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: President

DANA INTERNATIONAL HOLDINGS, INC.
As a debtor and a debtor-in-possession,
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By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

DANA RISK MANAGEMENT SERVICES, INC.
As a debtor and a debtor-in-possession,
and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President

DANA TECHNOLOGY INC.
As a debtor and a debtor-in-possession,
and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

DANA WORLD TRADE CORPORATION
As a debtor and a debtor-in-possession,
and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

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Title: Vice President

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COMPONENTS LLC
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TECHNOLOGIES LLC
As a debtor and a debtor-in-possession,
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By /s/ Teresa Mulawa

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Title: Vice President & Treasurer

TORQUE-TRACTION MANUFACTURING
TECHNOLOGIES LLC
As a debtor and a debtor-in-possession,
and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

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As a debtor and a debtor-in-possession,
and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

UNITED BRAKE SYSTEMS INC.
As a debtor and a debtor-in-possession,
and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

CITICORP NORTH AMERICA, INC.,
as Administrative Agent and Lender

By /s/ Shapleigh B. Smith

Name: Shapleigh B. Smith
Title: Managing Director

JPMORGAN CHASE BANK, N.A., as Lender

By /s/ Susan E. Atkins

Name: Susan E. Atkins
Title: Managing Director

BANK OF AMERICA, N.A., as Lender

By /s/ Brian J. Wright

Name: Brian J. Wright
Title: SVP

Annex I to Amendment No. 1 to
the Senior Secured Superpriority
Credit Agreement

Exhibit I to
Credit Agreement

FORM OF
BORROWING BASE CERTIFICATE

DANA CORPORATION
BORROWING BASE CERTIFICATE
PERIOD ENDING ___/___/20___

Citicorp North America, Inc. as
Administrative Agent
388 Greenwich Street
New York, NY 10013

Pursuant to provisions of the Senior Secured Superpriority Debtor-in-Possession Credit Agreement, dated as of March 3, 2006, among Dana Corporation, a Virginia corporation and a debtor and debtor-in-possession under chapter 11 of the Bankruptcy Code (the "Borrower"), the Guarantors, the financial institutions and other institutional lenders party thereto, the Administrative Agent and the other agents party thereto (as it may be amended or otherwise modified from time to time, being the "Credit Agreement"; capitalized terms used herein but not defined herein being used herein as defined in the Credit Agreement), the undersigned, a Responsible Officer of the Borrower, hereby certifies and represents and warrants on behalf of the Borrower as follows:

The information contained in this certificate and the attached information supporting the calculation of the Borrowing Base Availability is true, complete and correct as of the close of business on February 28, 2006 (the "Calculation Date").

DANA CORPORATION

By: ------------------------------------

Name: ----------------------------------

Title: ---------------------------------

DANA CORPORATION
RECAP OF BORROWING BASE CALCULATION

SECTION 9. AS OF ___________________________

	AMOUNT
Accounts receivable	
Inventory	
GROSS AVAILABILITY	$--
AVAILABILITY RESERVES -	
Rent reserve	
Carve-out	
TOTAL AVAILABILITY RESERVES	$--
SUB-TOTAL AVAILABILITY	$--
Direct borrowings	--
Letters of credit	--
TOTAL OUTSTANDING	$--
NET EXCESS AVAILABILITY	$--

DANA CORPORATION - U.S. ONLY
A/R BORROWING BASE CALCULATION
AS OF ______________________

	TOTALS
GROSS A/R PER AGING	--
	===
Over 60 days past due	--
Credit balances over 60	--
Cross-aging	--
Divested divisions	--
Deductions	--
Affiliates / related parties	--
Foreign accounts	--
Directed purchase offsets	--
Bankrupt accounts	--
Notes receivable	--
Concentration reserve	--
Delta between GL and aging	--
Extended terms	--
Contra accounts	--
Convenience accounts	--
Joint venture	--

Total ineligible	--
Eligible A/R	--
AVAILABLE @ 85%	--
	===

DANA CORPORATION - U.S. AND MEXICO ONLY
BORROWING BASE CALCULATION - INVENTORY
AS OF ___________________
AMOUNTS IN (000'S)

AMOUNTS IN (000'S)	RAW	WIP	FINISHED	TOTALS
US plants	--	--	--	--
Mexican plants	--	--	--	--
	---	---	---	---
GROSS INVENTORY	$--	$--	$--	$--
	===	===	===	===
Reserves -				
In-transit	--	--	--	--
Goods at outside processors	--	--	--	--
Intercompany profit	--	--	--	--
Packaging	--	--	--	--
Consigned out	--	--	--	--
Foreign titled material	--	--	--	--
Samples	--	--	--	--
3rd party machining capitalized	--	--	--	--
FOB destination shipments	--	--	--	--
Non-conforming inventory	--	--	--	--
Slow moving reserve	--	--	--	--
Obsolete reserve	--	--	--	--
Shrinkage reserve	--	--	--	--
Lower of cost or market reserve	--	--	--	--
Inventory at Joint Venture	--	--	--	--
	---	---	---	---
Total reserves	--	--	--	--
Eligible inventory	--	--	--	--
AVAILABLE @ 58%	$--	$--	$--	$--
	===	===	===	===

Annex II to Amendment No. 1 to
the Senior Secured Superpriority
Credit Agreement

Schedule VI to
Credit Agreement

ACCOUNT DEBTOR	PERCENTAGE OF ACCOUNTS
Ford Motor Company	25%
General Motors	25%

Exhibit 10-X(2)

AMENDMENT NO. 2 TO THE SENIOR SECURED SUPERPRIORITY CREDIT AGREEMENT

DATED AS OF APRIL 12, 2006

AMENDMENT NO. 2 TO THE SECURED SUPERPRIORITY CREDIT AGREEMENT (this "Amendment") among Dana Corporation, a Virginia corporation and a debtor and debtor-in-possession in a case pending under chapter 11 of the Bankruptcy Code (the "Borrower"), the Guarantors party hereto, each of which is a debtor and debtor-in-possession in a case pending under chapter 11 of the Bankruptcy Code, the financial institutions and other institutional lenders party hereto, and Citicorp North America, Inc. ("CNAI"), as administrative agent (the "Administrative Agent") for the Lenders.

PRELIMINARY STATEMENTS:

(1) The Borrower, the Guarantors, the financial institutions and other institutional lenders party thereto (the "Lenders"), the Administrative Agent and the other agents party thereto have entered into a Senior Secured Superpriority Credit Agreement dated as of March 3, 2006, as amended by Amendment No.1 to the Senior Secured Superpriority Credit Agreement dated as of March 30, 2006 (as further amended, supplemented or otherwise modified through the date hereof, the "Credit Agreement"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Borrower has requested that the Required Lenders agree to amend certain provisions of the Credit Agreement as described herein.

(3) The Initial Lenders and the Required Lenders have agreed, subject to the terms and conditions stated below, to amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendments to Credit Agreement.

(a) Section 1.01 of the Credit Agreement is hereby amended by by inserting the following new terms in the correct alphabetical order:

"Mexican Collateral" has the meaning set forth in Section 9.01.

"Mexican Depository" shall mean each Subsidiary of the Borrower domiciled in Mexico that is at any time in possession of Inventory owned by any Loan Party and included in the calculation of Elibigle Inventory, in each case in its capacity as depository of the Mexican Collateral, or any succesor depository thereof.

(b) Section 1.01 of the Credit Agreement is hereby further amended in the definition of "Applicable Margin" by amending and restating clause (a) as follows:

"(a) in respect of the Term Facility, 2.25% per annum, in the case of Eurodollar Advances, and 1.25% per annum, in the case of Base Rate Advances,"

(c) Section 5.02(h) of the Credit Agreement is hereby amended in clause (iii) by (i) deleting the word "(c)" therein and replacing it with the words "or (C)" and (ii) deleting clause (E) therein.

(d) Section 5.02(j) of the Credit Agreement is hereby amended by (i) inserting a new clause (w) in the proviso therein as follows:

> "(w) the Borrower may make payments pursuant to the Order approving Stipulation Among the Debtors, the Official Committee of Unsecured Creditors, the Debtors' Postpetition Lenders and the Pension Benefit Guaranty Corporation Regarding the Debtors' April 15, 2006 Pension Funding Payment entered by the Bankruptcy Court,"

and (ii) amending and restating clause (z) in the proviso therein in its entirety as follows:

> "(z) the Borrower may make payments to such other claimants and in such amounts as may be consented to by the Initial Lenders and approved by the Bankruptcy Court."

(e) Section 5.03(c) of the Credit Agreement is hereby amended by (i) deleting the words "up to 60 days" in the first parenthetical contained therein and (ii) inserting the words "and in the case of the first quarter of 2006, by May 31, 2006," after the first parenthetical contained therein.

(f) Section 6.01(n) of the Credit Agreement is hereby amended by inserting the words ", the Interim Order, Final Order, the First Day Orders, pursuant to Section 5.02 (j), in connection with any Lien permitted pursuant to Section 5.02(a)(ii) through (vii) or in connection with any pre-petition Lien on cash collateral securing a performance obligation (other than indebtedness for borrowed money)" immediately prior to the semicolon at the end thereof.

(g) Section 9.01 of the Credit Agreement is hereby amended by inserting the following at the end thereof:

> " For purposes of perfecting the first priority Lien and security interest on any Collateral held from time to time by any Mexican Depository in connection with the manufacture in Mexico of finished products by such Mexican Depository (the "Mexican Collateral"), each Loan Party hereby pledges to the Administrative Agent, for itself and for the ratable benefit of the Secured Parties, as security for the full and prompt payment whe due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, the Mexican Collateral in accordance with paragraph IV of Article 334 of the Mexican General Law of Negotiable Instruments and Credit Transactions (Ley General de Titulos y Operaciones de Credito).
>
> Each Loan Party and the Administrative Agent hereby appoints each Mexican Depository as depository of the Mexican Collateral. The parties hereto agree that each Mexican Depository may from time to time in the ordinary course of business receive and maintain possession of the Mexican Collateral for the purpose of manufacturing finished products for sale by such Loan Party and shall act as depository for the benefit of the Administrative Agent, on behalf of itself and the Secured Parties, with respect to such Mexican Collateral, which shall at all times remain subject to the first priority Lien and security interest created hereunder. Each Loan Party acknowledges and agrees that each Mexican Depository shall hold any and all Mexican Collateral in its control or possession for the benefit of Administrative Agent, on behalf of itself and the Secured Parties, and that each Mexican Depository shall act upon the instructions of the

Administrative Agent without the further consent of such Loan Party. The Administrative Agent agrees with the Loan Parties that it shall not give any such instructions unless an Event of Default has occurred and is continuing or would occur after taking into account any action by any Loan Party with respect to any Mexican Depository.

If an Event of Default has occurred and is continuing, the Administrative Agent shall be entitled, without the consent of any Loan Party, to remove any Mexican Depository as depository and appoint a different depository. No Mexican Depository shall be released from its obligations hereunder, unless a replacement depository has been appointed in accordance with this Agreement and such replacement depository has assumed the obligations of such Mexican Depository hereunder, including without limitation, taking physical possession of the Mexican Collateral and executing the letter referred to in the immediately succeeding paragraph.

Upon the request of the Administrative Agent, each Loan Party shall deliver to the Administrative Agent, a letter from each Mexican Depository or any other entity acting as depository, acceptable to the Administrative Agent in substantially in the form of Exhibit J hereto."

(h) Annex I hereto is inserted as a new Exhibit J to the Credit Agreement.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when, and only when, the following conditions have been satisfied, and concurrent with the Borrowing of the Term Facility:

(a) the Administrative Agent shall have received counterparts of this Amendment executed by each Loan Party and the Required Lenders or, as to any of the Lenders, advice satisfactory to the Agent that such Lender has executed this Amendment,

(b) the Administrative Agent shall have received a certificate signed by a duly authorized officer of the Borrower stating that: (x) the representations and warranties contained in Article IV of the Credit Agreement are true and correct in all material respects on and as of the date of such certificate as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a date other than the date of such certificate; and (y) no event has occurred and is continuing that constitutes a Default, and

(c) all fees and expenses of the Administrative Agent and the Lenders (including all reasonable fees and expenses of counsel to the Administrative Agent), to the extent invoiced prior to the date hereof, shall have been paid.

SECTION 3. Confirmation of Representations and Warranties. Each of the Loan Parties hereby represents and warrants, on and as of the date hereof, that the representations and warranties contained in the Credit Agreement are true and correct in all material respects on and as of the date hereof, before and after giving effect to this Amendment, as though made on and as of the date hereof, other than any such representations or warranties that, by their terms, refer to a specific date.

SECTION 4. Affirmation of Guarantors. Each Guarantor hereby consents to the amendments to the Credit Agreement effected hereby, and hereby confirms and agrees that, notwithstanding the effectiveness of this Amendment, the obligations of such Guarantor contained in

Article VIII of the Credit Agreement, as amended hereby, or in any other Loan Documents to which it is a party are, and shall remain, in full force and effect and are hereby ratified and confirmed in all respects, except that, on and after the effectiveness of this Amendment, each reference in Article VIII of the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

SECTION 5. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) The Credit Agreement, the Notes and each of the other Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under the Credit Agreement or any other Loan Document, nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document.

SECTION 6. Costs, Expenses. The Borrowers agree to pay on demand all costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 10.04 of the Credit Agreement.

SECTION 7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 8. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York, and to the extent applicable, the Bankruptcy Code.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

DANA CORPORATION,
a debtor and debtor-in-possession, as Borrower

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

By /s/ Michael L. DeBacker

Name: Michael L. DeBacker
Title: Vice President-General Counsel & Secretary

BRAKE SYSTEMS, INC.
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

BWDAC, INC.
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

COUPLED PRODUCTS, INC.
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

DAKOTA NEW YORK CORP.
As a debtor and a debtor-in-possession, and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Treasurer

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LLC
As a debtor and a debtor-in-possession,
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By /s/ Teresa Mulawa

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TORQUE-TRACTION MANUFACTURING
TECHNOLOGIES LLC
As a debtor and a debtor-in-possession,
and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

TORQUE-TRACTION TECHNOLOGIES LLC
As a debtor and a debtor-in-possession,
and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

UNITED BRAKE SYSTEMS INC.
As a debtor and a debtor-in-possession,
and as a Guarantor

By /s/ Teresa Mulawa

Name: Teresa Mulawa
Title: Vice President & Treasurer

CITICORP NORTH AMERICA, INC.,
as Administrative Agent and Lender

By /s/ Shapleigh Smith

Name: Shapleigh B. Smith
Title: Managing Director

JPMORGAN CHASE BANK, N.A., as Lender

By /s/ Richard Duker

Name: Richard W. Duker
Title: Managing Director

BANK OF AMERICA, N.A., as Lender

By /s/ Brian J. Wright

Name: Brian J. Wright
Title: SVP

Annex I to Amendment No. 2 to
the Senior Secured Superpriority
Credit Agreement

Exhibit J to
Credit Agreement

[Date]

Citicorp North America, Inc., as
Administrative Agent under the
Credit Agreement referred to below,
on behalf of itself and the parties
thereto

Ladies and Gentlemen:

We understand that Dana Corporation ("Dana Corporation"), as borrower, and Brake Systems, Inc., BWDAC, Inc., Coupled Products, Inc., Dakota New York Corp., Dana Atlantic, LLC, FKA Glacier Daido America, LLC, Dana Automotive Aftermarket, Inc., Dana Brazil Holdings LLC, Dana Information Technology LLC, Dana International Finance, Inc., Dana International Holdings, Inc., Dana Risk Management Services, Inc., Dana Technology Inc., Dana World Trade Corporation, Dandorr L.L.C., Dorr Leasing Corporation, DTF Trucking Inc., Echlin-Ponce, Inc., EFMG LLC, EPE, Inc., ERS LLC, Flight Operations, Inc., Friction Inc., Friction Materials, Inc., Glacier Vandervell Inc., Hose and Tubing Products, Inc., Lipe Corporation., Long Automotive LLC, Long Cooling LLC, Long USA LLC, Midland Brake, Inc., Prattville MFG., Inc., Reinz Wisconsin Gasket LLC, Spicer Heavy Axle & Brake, Inc., Spicer Heavy Axle Holdings, Inc., Spicer Outdoor Power Equipment Components LLC, Torque-Traction Integration Technologies, Inc., Torque-Traction Manufacturing Technologies LLC, Torque-Traction Technologies LLC, United Brake Systems Inc., as guarantors (such companies, collectively, together with Dana Corporation, the "Dana Companies"), entered into that certain $1,450,000,000 Senior Secured Superpriority Credit Agreement, dated as of March 3, 2006 (as amended, amended and restated, supplemented or modified from time to time, the "Credit Agreement"), with Citicorp North America, Inc. as administrative agent (the "Administrative Agent"), and other parties party thereto.

We further understand that each of the Dana Companies pledged to the Administrative Agent, for itself and for the benefit of the parties party to the Credit Agreement (the "Secured Parties"), any inventory, materials, machinery, equipment or any other asset that we receive from any of the Dana Companies from time to time in the ordinary course of business for the purpose of manufacturing finished products for any of such Dana Companies in Mexico and the proceeds thereof (the "Mexican Collateral"), in accordance with paragraph IV of Article 334 of the Mexican General Law of Negotiable Instruments and Credit Transactions (Ley General de Titulos y Operaciones de Credito), and that we have been appointed by each of the Dana Companies and the Administrative Agent as depository of the Mexican Collateral.

We hereby accept our appointment as depository of the Mexican Collateral, and shall act as depository for the benefit of the Administrative Agent, on behalf of itself and the Secured Parties, with respect to such Mexican Collateral, which shall at all times remain subject to the first priority lien and security interest created under the Credit Agreement. We hereby

agree to hold in custody the Mexican Collateral at our facilities located at the address in Mexico shown below our signature block hereof, and further agree that we will receive no consideration for the performance of our duties hereunder.

We hereby acknowledge and agree that we shall hold any Mexican Collateral in our control or possession for the benefit of the Administrative Agent, on behalf of itself and the Secured Parties, and that we shall act upon the instructions of Administrative Agent without the further consent of any of the Dana Companies with respect to the Mexican Collateral.

The execution of this Letter Agreement constitutes an acknowledgment of receipt by us of the Mexican Collateral that we currently have in our possession.

We hereby further acknowledge and agree that the Administrative Agent shall be entitled, without the consent of any of the Dana Companies, to remove us as depository of the Mexican Collateral. Notwithstanding the foregoing, we shall not be released from any of our obligations hereunder, unless a replacement depository has been appointed and such replacement depository has assumed its obligations as depository with respect to the Mexican Collateral, including without limitation, taking physical possession of the Mexican Collateral.

Sincerely,

[NAME OF MEXICAN DEPOSITORY]

By

Name:

Title:

Address:

Exhibit 21

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2005

Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615

Access Investments I, LLC	Delaware
Access Investments II, LLC	Delaware
AMP Industrial e Comercio de Pecas Automotivas Ltda.	Brazil
Automotive Motion Technology Limited	United Kingdom
Britannia Properties	Delaware
BWDAC, Inc.	Delaware
C.A. Danaven	Venezuela
CCD Air Eleven, Inc.	Delaware
CCD Air Twelve, Inc.	Delaware
CCD Water Three, Inc.	Delaware
Cerro de los Medanos S.A.	Argentina
Coupled Products, Inc.	Virginia
D.E.H. Holdings SARL	Luxembourg
Dana (Deutschland) Grundstucksverwaltung GmbH	Germany
Dana (Wuxi) Technology Co. Ltd.	China
Dana Argentina S.A.	Argentina
Dana Asset Funding LLC	Delaware
Dana Atlantic LLC	Delaware
Dana Australia (Holdings) Pty. Ltd.	Australia
Dana Australia Pty. Ltd.	Australia
Dana Australia Trading Pty. Ltd.	Australia
Dana Austria GmbH	Austria
Dana Automocion, S.A.	Spain
Dana Automotive Aftermarket, Inc.	Delaware
Dana Automotive Limited	United Kingdom
Dana Automotive Systems GmbH	Germany
Dana Bedford 3 Limited	United Kingdom
Dana Belgium N.V.	Belgium
Dana Brazil Holdings LLC	Delaware
Dana Brazil Holdings 1 LLC	Virginia
Dana Canada Corporation	Canada
Dana Canada Holding Company	Canada
Dana Canada Limited	Canada
Dana Canada LP	Canada
Dana Capital Limited	United Kingdom
Dana Chassis Systems Limited	United Kingdom
Dana China Limited	Hong Kong
Dana Comercializadora, S. de RL de CV	Mexico
Dana Commercial Credit (June) Limited	United Kingdom
Dana Commercial Credit (September) Limited	United Kingdom
Dana Commercial Credit (UK) Limited	United Kingdom
Dana Commercial Credit Corporation	Delaware
Dana Credit Corporation	Delaware
Dana do Brasil Ltda.	Brazil
Dana Emerson Actuator Systems (Technology) LLP	United Kingdom
Dana Emerson Actuator Systems LLC	Delaware
Dana Emerson Actuator Systems LLP	United Kingdom
Dana Emerson Actuator Systems s.r.o.	Slovakia
Dana Equipamentos Ltda.	Brazil
Dana Europe Holdings B.V.	Netherlands

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2005

Dana Europe S.A.	Switzerland
Dana Finance (Ireland) Limited	Ireland
Dana Fleet Leasing, Inc.	Delaware
Dana Fluid Products Slovakia, s.r.o.	Slovakia
Dana GmbH	Germany
Dana Heavy Axle Mexico S.A. de C.V.	Mexico
Dana Holding GmbH	Germany
Dana Holdings Limited	United Kingdom
Dana Holdings SRL	Argentina
Dana Hong Kong Limited	Hong Kong
Dana Hungary Gyarto kft	Hungary
Dana India Private Limited	India
Dana India Technical Centre Limited	India
Dana Industrial Ltda.	Brazil
Dana International Finance Inc.	Delaware
Dana International Holdings, Inc.	Delaware
Dana Investment GmbH	Germany
Dana Investments UK Limited	United Kingdom
Dana Italia, SpA	Italy
Dana Japan, Ltd.	Japan
Dana Korea Co. Ltd.	Korea
Dana Law Department, Ltd.	United Kingdom
Dana Limited	United Kingdom
Dana Manufacturing Group Pension Scheme Limited	United Kingdom
Dana Mauritius Limited	Mauritius
Dana New Zealand, Ltd.	New Zealand
Dana Risk Management Services, Inc.	Ohio
Dana S.A.S.	France
Dana San Juan S.A.	Argentina
Dana San Luis S.A.	Argentina
Dana Spicer (Thailand) Limited	Thailand
Dana Spicer Europe Ltd.	United Kingdom
Dana Spicer Limited	United Kingdom
Dana Technology, Inc.	Michigan
Dana Two SARL	France
Dana UK Common Investment Fund Limited	United Kingdom
Dana UK Holdings Limited	United Kingdom
Dana UK Pension Scheme Limited	United Kingdom
Dana World Trade Corporation	Delaware
Dana-Albarus Industria E Comercio De Autopecas Ltda.	Brazil
Danaven Rubber Products, C.A.	Venezuela
Dandorr L.L.C.	Delaware
Dantean (Thailand) Company, Limited	Thailand
DCC Canada Inc.	Canada
DCC Company 102, Inc.	Delaware
DCC Fiber, Inc.	Delaware
DCC Project Finance Eighteen, Inc.	Delaware
DCC Project Finance Eleven, Inc.	Delaware
DCC Project Finance Fifteen, Inc.	Delaware
DCC Project Finance Five, Inc.	Delaware
DCC Project Finance Fourteen, Inc.	Delaware
DCC Project Finance Nineteen, Inc.	Delaware
DCC Project Finance Sixteen, Inc.	Delaware
DCC Project Finance Ten, Inc.	Delaware
DCC Project Finance Thirteen, Inc.	Delaware
DCC Project Finance Twelve, Inc.	Delaware

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2005

DCC Project Finance Twenty, Inc.	Delaware
Driveline Specialist Limited	United Kingdom
DSA of America, Inc.	Michigan
DTF Trucking, Inc.	Delaware
Echlin (Southern) Holding Ltd. (Jersey)	United Kingdom
Echlin Argentina S.A.	Argentina
Echlin Do Brasil Industria e Comercio Ltda.	Brazil
Echlin Europe Limited	United Kingdom
Echlin Taiwan Ltd.	Taiwan
Echlin-Ponce, Inc.	Delaware
Edison Capital Housing Partners XII, L.P.	Delaware
EFMG LLC	Virginia
Energy Services Credit Corporation	Delaware
Energy Services Nevada, Inc.	Delaware
ERS LLC	Michigan
Fanacif Products Argentina S.A.	Argentina
Flight Operations, Inc.	Delaware
Fujian Spicer Drivetrain System Co., Ltd.	China
Gearmax (Pty) Ltd.	South Africa
Glacier Tribometal Slovakia a.s.	Slovakia
Glacier Vandervell S.A.S.	France
Glacier Vandervell, Inc.	Michigan
Hobourn Group Pension Trust Company Limited	United Kingdom
Hose & Tubing Products, Inc.	Virginia
Indiantown Project Investment Partnership, L.P.	Delaware
Industria De Ejes Y Transmissiones S.A.	Colombia
Isom & Associates, Inc.	Delaware
JVQ Capital One, Inc.	Delaware
Kingsdell L.P.	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
Lipe Corporation	Delaware
Lipe Rollway Mexicana S.A. de C.V.	Mexico
Long Automotive LLC	Virginia
Long Cooling LLC	Virginia
Long USA LLC	Virginia
Michigan Coral Rock, LLC	Michigan
Midland Brake, Inc.	Delaware
Midwest Housing Investments J.V., Inc.	Delaware
Nippon Reinz Co. Ltd.	Japan
Nobel Plastiques Iberica S.A.	Spain
Nobel Plastiques S.A.S.	France
Ottawa Properties, Inc.	Michigan
Pasadena Project Investment Limited Partnership	Delaware
Pasco Project Investment Partnership, L.P.	Florida
Perfect Circle Europe S.A.S.	France
PhotoFinance LLC	Delaware
PhotoTech LLC	Delaware
Pleasant View of North Vernon, L.P.	Indiana
Prattville Mfg., Inc.	Delaware
Prestwick Square of Jeffersonville, L.P.	Indiana
PT Spicer Axle Indonesia	Indonesia
PT Spicer Indonesia	Indonesia
PTG Mexico, S. de R.L. de C.V	Mexico
PTG Servicios, S. de R.L.de C.V.	Mexico

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2005

QH Pension Trustee Limited	United Kingdom
Quinton Hazell Plc.	United Kingdom
REBNEC Ten, Inc.	Delaware
Recap, Inc.	Delaware
Redison, Inc.	Delaware
Region Center Associates	Florida
Reinz Wisconsin Gasket Company	Delaware
Reinz-Dichtungs-GmbH & Co KG	Germany
RENOVO Thirteen, Inc.	Delaware
RENOVO Twelve, Inc.	Delaware
ReSun, Inc.	Delaware
ROC - Spicer Ltd.	Taiwan
ROC Spicer Investment Co. Ltd.	British Virgin Islands
Rock Energy Limited	Gibraltar
Seismiq, Inc.	Delaware
Shannon Canada Inc.	Canada
SHARP-Massachusetts Investment Limited Partnership	Delaware
Shenyang Spicer Driveshaft Corporation Limited	China
Societe de Reconditionnement Industriel de Moteurs S.A.S.	France
Spicer Axle Australia Pty Ltd.	Australia
Spicer Axle Structural Components Australia Pty. Ltd.	Australia
Spicer Ayra Cardan S.A.	Spain
Spicer Ejes Pesados S.A.	Argentina
Spicer France SARL	France
Spicer Gelenkwellenbau GmbH	Germany
Spicer Heavy Axle & Brake, Inc.	Michigan
Spicer Heavy Axle Holdings, Inc.	Michigan
Spicer India Limited	India
Spicer Nordiska Kardan AB	Sweden
Spicer Off-Highway Belgium N.V.	Belgium
Spicer Off-Highway Parts & Distribution GmbH	Germany
Spicer Outdoor Power Equipment Components LLC	Ohio
Spicer Philippines Manufacturing Co.	Philippines
Stieber Formsprag Limited	United Kingdom
Stonegate Apartments of Cambridge City Associates, L.P.	Indiana
SU Automotive Limited	United Kingdom
SU Pension Trustee Limited	United Kingdom
Suzuki Comercial Ltda.	Brazil
Taiguang Investment (BVI) Co., Ltd.	British Virgin Islands
Taiguang Investment Co., Ltd.	Taiwan
Taijie Investment Co., Ltd.	Taiwan
Taiying Investment Co., Ltd.	Taiwan
Talesol S.A.	Uruguay
Tecnologia de Mocion Controlada S.A. de C.V.	Mexico
Thermal Products Czech Republic, s.r.o.	Czech Republic
Thermal Products France SAS	France
Torque-Traction Integration Technologies, Inc.	Ohio
Torque-Traction Manufacturing Technologies, Inc.	Ohio
Torque-Traction Technologies, Inc.	Ohio
Transcar Ltda.	Colombia
Transejes C.D. Ltda.	Colombia
Transejes Transmissiones Homocineticas de Colombia S.A.	Colombia
Transmissiones Homocineticas Argentina S.A.	Argentina

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2005

TSB, L.P.	Illinois
Tuboauto, C.A.	Venezuela
UBALI S.A.	Uruguay
United Brake Systems Inc.	Delaware
Victor Reinz Valve Seals LLC	Indiana
Warner Electric do Brasil Ltda.	Brazil
Washington 10 Gas Holdings, Inc.	Delaware
Washington 10 Storage Corporation	Michigan
Whiteley Rishworth Ltd.	United Kingdom
WOP Industrial e Comercio Bombas Ltda.	Brazil
Wrenford Insurance Company Limited	Bermuda

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 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 April 27, 2006 relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting, which appear in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers, LLP
Toledo, Ohio
April 27, 2006

Exhibit 24

POWER OF ATTORNEY

The undersigned directors and/or officers of Dana Corporation hereby constitute and appoint Michael J. Burns, Michael L. DeBacker, Richard J. Dyer, Rodney R. Filcek, M. Jean Hardman and Robert C. Richter, 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, 2005, 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 Power of Attorney on December 1, 2005.

/s/ A. C. Baillie
A. C. Baillie

/s/ D. E. Berges
D. E. Berges

/s/ E. M. Carpenter
E. M. Carpenter

/s/ Richard M. Gabrys
R. M. Gabrys

/s/ S. G. Gibara
S. G. Gibara

/s/ C. W. Grise
C. W. Grise

/s/ James P. Kelly
J. P. Kelly

/s/ M. R. Marks
M. R. Marks

/s/ R. B. Priory
R. B. Priory

/s/ M. J. Burns
M. J. Burns

/s/ M. L. DeBacker
M. L. DeBacker

/s/ Richard J. Dyer
R. J. Dyer

/s/ Rodney R. Filcek
R. R. Filcek

/s/ M. J. Hardman
M. J. Hardman

/s/ R. C. Richter
R. C. Richter

Exhibit 31-A

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Michael J. Burns, certify that:

I have reviewed this annual report on Form 10-K of Dana Corporation;

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;

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;

The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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: April 27, 2006

/s/ Michael J. Burns

Michael J. Burns
Chief Executive Officer

Exhibit 31-B

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Kenneth A. Hiltz, certify that:

I have reviewed this annual report on Form 10-K of Dana Corporation;

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;

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;

The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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: April 27, 2006

/s/ Kenneth A. Hiltz

Kenneth A. Hiltz
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, 2005, 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: April 27, 2006

/s/ Michael J. Burns

Michael J. Burns
Chief Executive Officer

/s/ Kenneth A. Hiltz

Kenneth A. Hiltz
Chief Financial Officer