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[DANA LOGO]

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

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SIGNATURES

DANA CORPORATION

(Exact name of registrant as specified in its charter)

For the Fiscal Year Ended December 31, 1999

Commission file number 1-1063

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

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

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

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

None

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.  
Yes  No

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.

The aggregate market value of the voting stock held by non-affiliates of the  
registrant at February 25, 2000, was approximately  
\$3,442,980,000.

The number of shares of registrant’s Common Stock, \$1 Par Value, outstanding at  
February 25, 2000, was 156,988,206 shares.

DOCUMENTS INCORPORATED BY REFERENCE

The Exhibit Index is located at pages 19-20 of the sequential numbering system.

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DANA CORPORATION – FORM 10-K  
FOR THE YEAR ENDED DECEMBER 31, 1999

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1.	Proxy Statement for Annual Meeting of Shareholders to be held on April 5, 2000.	Part III
2.	Annual Report to Shareholders for year ended December 31, 1999.	Parts I, II, IV

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PART I

ITEM 1 – BUSINESS

Dana Corporation was incorporated in 1905. Today, we are one of the world's largest independent suppliers of components and systems to vehicular manufacturers and the related aftermarkets. We are also a leading provider of lease financing services in certain markets through our wholly-owned subsidiary, Dana Credit Corporation.

Our operations are organized into the following seven market-focused Strategic Business Units (SBUs):

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This SBU alignment reflects the elimination of the Industrial Systems Group (ISG) at the end of 1999. Portions of the ISG and of the ESG were combined to form the FSG. You can find more information in "Note 13. Business Segments" on pages 33 - 35 of our 1999 Annual Report.

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RECENT PAST DEVELOPMENTS

In 1997 and 1998, we completed the five largest acquisitions in our history, adding operations that generated \$5.3 billion in annualized sales. The largest transaction was our July 1998 merger with Echlin Inc., a worldwide supplier of automotive products. This acquisition was accounted for as a pooling of interests and all of our prior period financial statements were restated accordingly. Our other major acquisitions were:

- Automotive Systems Group (ASG) – This group serves the world's light truck, sport utility vehicles and passenger car markets with light duty axles and driveshafts, structural products (such as engine cradles and frames), transfer cases, original equipment brakes and integrated modules and systems. The group has 93 facilities and employs 26,000 people in 20 countries. Its three largest customers, DaimlerChrysler AG, Ford Motor Company (Ford) and General Motors Corporation (GM), helped it attain sales of \$4.5 billion in 1999.
- Automotive Aftermarket Group (AAG) – The AAG sells hydraulic brake components and disc brakes for light vehicle applications, internal engine hard parts, chassis products and a complete line of filtration products for a variety of applications worldwide. In addition, it sells electrical, brake, power transmission, steering and suspension system components in the United Kingdom and continental Europe. The AAG has 142 facilities and 20,400 people in 27 countries. In 1999, its sales were \$3.0 billion and its three largest customers were National Automotive Parts Association (NAPA), Carquest Corporation and Auto Parts Plus.
- Engine Systems Group (ESG) – This group serves the automotive, light to heavy truck, leisure and outdoor power equipment and industrial markets (including nearly every major engine manufacturer in the world and related aftermarkets) with sealing products, internal engine hard parts, electronic modules and sensors. The group has 98 facilities and 15,600 people in 17 countries. In 1999, its sales were \$1.4 billion and its three largest customers were Ford, GM and DaimlerChrysler.
- Fluid Systems Group (FSG) – This group manufactures an extensive line of products focused on the pumping, routing and thermal management of fluid systems for a wide range of applications, from passenger cars to heavy trucks and off-highway vehicles. Its products include an extensive line of rubber hose and fluid products and management systems. FSG has 50 facilities and 10,300 people in 8 countries. Its 1999 sales were \$1.2 billion to a customer base led by Ford, DaimlerChrysler and GM.
- Heavy Truck Group (HTG) – The HTG, a major global supplier to the medium and heavy truck markets, produces heavy axles and brakes, power take-off units and commercial vehicle systems. It also assembles modules and systems for heavy trucks. The group has 40 facilities in 9 countries. In 1999, this group recorded sales of \$1.9 billion while employing 7,200 people. Its largest customers were Mack Trucks, Inc., PACCAR Inc and Navistar International Corp.
- Off-Highway Systems Group (OHS) – This group produces axles and brakes, transaxles, power-shift transmissions, torque converters, electronic controls and hydraulic pumps, motors, valves, filters and electronic components. These products serve the construction, agriculture, mining, specialty chassis, outdoor power, material handling, forestry and leisure/utility equipment markets. OHS has 16 facilities and 4,300 people in 5 countries. Its 1999 sales were nearly \$800 million and CNH Global N.V. (Case and New Holland), Textron and AGCO were its three largest customers.
- Leasing Services – DCC and its subsidiaries provide leasing services to selected markets in the U.S., Canada, the United Kingdom and continental Europe. DCC's key products are middle ticket and capital markets leasing and other finance products. It also provides asset and real property management services. DCC has 8 facilities in two countries and employs approximately 300 people.

There is more information about these transactions in "Note 18. Acquisitions" on page 37 of our 1999 Annual Report.

We also completed several restructuring and rationalization plans during this period and divested a number of operations. The divestitures included our European aftermarket business, our worldwide vehicular clutch business, DCC's Technology Leasing Group and several other non-core businesses. See "Note 19. Divestitures" on page 38 and "Note 20. Restructuring of Operations" on pages 38 - 39 of our 1999 Annual Report for more information about these transactions.

## DEVELOPMENTS AND STRATEGY IN 1999

Our focus in 1999 was on integrating our newly acquired businesses and rationalizing our global operations. This included implementing the restructuring plans announced at the end of 1998, continuing various integration efforts, especially those related to the Echlin merger, and finalizing additional restructuring plans announced in 1999, the largest component of which is downsizing our Reading, Pa. structures facility. The operations and employees affected by these plans are described in "Note 20. Restructuring of Operations" on pages 38 - 39 of our 1999 Annual Report.

We announced a new strategy - our Five-Point Plan - in April 1999, which includes the following tactics:

- The Clark-Hurth Components assets of Ingersoll-Rand Company in February 1997
- The Sealed Power Division of SPX Corporation in February 1997
- The heavy axle and brake business of Eaton Corporation in January 1998
- The Glacier Vandervell Bearings Group and the AE Clevite North American aftermarket engine hard parts business from Federal-Mogul Corporation in December 1998

Consistent with the objectives of the plan, we improved our gross margin from 16.2% in 1998 to 16.7% in 1999. Return on sales also improved from 4.7% to 5.1% when nonrecurring items are excluded.

One acquisition closed in 1999 and three more have closed in the first two months of 2000. These transactions are all consistent with our objective of making strategic acquisitions. The July 1999 acquisition of Innovative Manufacturing, Inc. added a machining operation that supplies machined castings to our Outdoor Power Equipment Components Division. We also increased our ownership in four subsidiaries, acquiring the shares previously held by minority interests. Thus far in 2000 we have announced definitive agreements to acquire the Invensys plc axle manufacturing operations in Australia and South Africa and a majority interest in the Tribometal a.s. engine bearings and metal-polymer bushings operations in Slovakia. We also completed the acquisition of the cardan-jointed propeller shaft business of GKN plc. and signed a related agreement to form a joint venture with GKN to develop advanced driveline systems and modular assemblies for all-wheel and four-wheel drive passenger cars, light trucks and sport utility vehicles. See "Note 18. Acquisitions" on page 37 of our 1999 Annual Report for more information on our recent acquisitions.

During 1999 we announced plans to divest operations with annual sales approximating \$850 million. The sale of Coldform Special Products, a manufacturer of starter and suspension components and steering hubs, was completed in October and the sale of Sierra International Inc., a manufacturer and distributor of marine and power equipment engine, drive and hose products, was completed in November.

During the first two months of 2000 we completed the sales of our Gresen Hydraulics operations, our constant velocity joint driveshaft business and most of our Warner Electric businesses. Additional information on divestitures completed in 1997 through 1999 can be found in "Note 19. Divestitures" on page 38 of our 1999 Annual Report.

Under a program authorized by our Board in April 1999, we repurchased nearly three million shares of our common stock in 1999 at a cost of \$100 million. We have accelerated

our activity in 2000 using the proceeds from the divestitures described above and expect to complete the initial \$350 million program by the end of the first quarter of 2000. At its February 2000 meeting, the Board authorized additional repurchases of up to \$250 million through the end of 2000.

We have realized savings from the integration of the Echlin and Glacier Vandervell operations in 1999 and have targeted further savings at these and other operations in the future. Integration efforts will also be initiated at the newly acquired business described previously.

GEOGRAPHICAL AREAS

We maintain administrative organizations in four regions - North America, Europe, South America and Asia Pacific - to facilitate financial and statutory reporting and tax compliance on a worldwide basis and to support the seven SBUs.

Our operations are located in the following countries:

- Grow while focusing on returns and maintaining financial discipline;
- Seek strategic, bolt-on acquisitions at reasonable valuations;
- Divest non-strategic and non-performing operations;
- Repurchase stock as we generate cash; and
- Complete integration efforts and realize synergy savings.

Our non-U.S. subsidiaries and affiliates manufacture and sell a number of products similar to those produced in the U.S. In addition to normal business risks, operations outside the U.S. are subject to others such as changing political, economic and social environments, changing governmental laws and regulations, currency revaluations and market fluctuations.

Consolidated non-U.S. sales were \$3.7 billion, or 28% of our 1999 sales. Including U.S. exports of \$939 million, non-U.S. sales accounted for 36% of 1999 consolidated sales. Non-U.S. net income was \$102 million, or 20% of consolidated 1999 net income. In addition, there was \$28 million of equity in earnings of non-U.S. affiliates in 1999.

You can find more information about regional operating results in "Note 13. Business Segments" on pages 33 - 35 of our 1999 Annual Report.

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CUSTOMER DEPENDENCE

We have thousands of customers around the world and have developed long-standing business relationships with many of them. Our attention to quality, delivery and service has been recognized by numerous customers who have awarded us with supplier quality awards. Ford and DaimlerChrysler were the only individual customers accounting for more than 10% of our consolidated sales in 1999. We have been supplying products to these companies and their subsidiaries for many years. Sales to Ford, as a percentage of total sales, were 15%, 15% and 16% in 1997, 1998 and 1999, and sales to DaimlerChrysler were 11%, 13% and 14%. Loss of all or a substantial portion of our sales to Ford, DaimlerChrysler or other large volume customers would have a significant adverse effect on our financial results until such lost sales volume could be replaced. There would be no assurance, in such event, that the lost volume would be replaced.

PRODUCTS

As a result of our internal development and acquisition activities in the past several years, we now have nine core products and services. During the past three years, our sales by core product were as follows:

North America	Europe	South America	Asia Pacific		
Canada Mexico United States	Austria Belgium France Germany India Ireland Italy	Netherlands Russia Poland Spain Sweden Switzerland United Kingdom	Argentina Brazil Colombia South Africa Uruguay Venezuela	Australia China Japan Malaysia New Zealand	Singapore South Korea Taiwan Thailand

We do not consider our leasing service revenue to be sales and none of our other products are core or account for 10% of sales.

MATERIAL SOURCE AND SUPPLY

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

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## SEASONALITY

Our businesses are not seasonal. However, sales to our manufacturing customers are closely related to the production schedules of those manufacturers.

## BACKLOG

Generally, our products are not on a backlog status. They are produced from readily available materials and have a relatively short manufacturing cycle. Each operating unit maintains its own inventories and production schedules and many of our products are available from more than one facility. We believe that our production capacity is adequate to handle current requirements and we regularly review anticipated growth in our product lines to determine when additional capacity may be needed.

## COMPETITION

We compete worldwide with a number of other manufacturers and distributors which produce and sell similar products. These competitors include vertically-integrated units of our major original equipment (OE) customers and a number of independent U.S. and non-U.S. suppliers. Our traditional U.S. OE customers, facing substantial foreign competition, have expanded their worldwide sourcing of components to better compete with lower cost imports. In addition, these customers have been shifting research and development, design and validation responsibilities to their Tier 1 suppliers, focusing on stronger relationships with fewer suppliers. We have established operations throughout the world to enable us to meet these competitive challenges and to be a strong global supplier of our core products.

In the area of leasing services, we compete in selected markets with various international, national and regional leasing and finance organizations.

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## 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 which we serve. Throughout these product lines, we manufacture and sell our products under a number of patents and licenses which have been obtained over a period of years and expire at various times. We consider each of them to be of value and aggressively protect our rights throughout the world against infringement. Because we are involved with many product lines, the loss or expiration of any particular patent or license would not materially affect our sales and profits.

We own numerous trademarks which are registered in many countries, enabling us to market our products worldwide. Our Spicer®, Parish®, Perfect Circle®, Victor Reinz®, Wix®, Weatherhead®, Boston®, Raybestos®, Aimco®, Clevite®, Glacier® and Vandervell® trademarks, among others, are widely recognized in their respective industries.

## RESEARCH AND DEVELOPMENT

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

In addition, we engage in ongoing engineering, research and development activities to improve the reliability, performance and cost-effectiveness of existing products and to design and develop new products for existing and new applications. Our spending on engineering, research and development and quality control programs was \$248 million in 1997, \$275 million in 1998 and \$290 million in 1999.

## EMPLOYMENT

Our worldwide employment (including consolidated subsidiaries) was approximately 84,200 at December 31, 1999.

## ENVIRONMENTAL COMPLIANCE

We make capital expenditures in the normal course of business as necessary to ensure that our facilities are in compliance with applicable environmental laws and regulations. The cost of environmental compliance was not a material part of our capital expenditures and did not have a material adverse effect on our earnings or competitive position in 1999. We do not anticipate that future environmental compliance costs will be material. You can find more information in "Environmental Compliance and Remediation" under "Note 1. Summary of Significant Accounting

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## EXECUTIVE OFFICERS

This table contains information about our current executive officers. Unless otherwise indicated, all positions are with Dana. The first six officers listed are the members of Dana's Policy Committee.

Type of Products	Percentage of Consolidated Sales		
	1997	1998	1999
Axle	25%	32%	31%
Engine	10	10	12
Brake	10	10	9
Driveshaft	9	9	9
Fluid Systems	7	7	7
Structural	7	6	6
Sealing	5	5	5
Filtration	4	4	4
Other Products	77	83	83
	23	17	17
	100%	100%	100%

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Name and Age	Present Position(s)	Other Positions During Past 5 Years
S. J. Morcott (61)	Chairman of the Board of Directors since 1990	Chief Executive Officer, 1989-99; Chief Operating Officer, 1986-97; President, 1986-95
J. M. Magliochetti (57)	Chief Executive Officer since February 1999; Chief Operating Officer since 1997; Director and President since 1996	President - Dana North American Operations, 1992-95
R. C. Richter (48)	Chief Financial Officer since September 1999; Vice President since 1997	Vice President - Finance and Administration 1998-99; Vice President - Administration, 1997-98; General Manager - Perfect Circle Sealed Power Europe, 1997; Vice President and General Manager - Perfect Circle Europe, 1994-97
W. J. Carroll (55)	President - Automotive Systems Group since 1997	President - Diversified Products & Distribution, 1996-97; President - Dana Distribution Service Group, 1995-97; President - DTF Trucking, 1985-97; Chairman of the Board of Dana Canada Inc. (a wholly-owned Dana subsidiary in Canada), 1995-97; President of Dana Canada Inc., 1993-97
M. A. Franklin, III (52)	President - Dana International since 1997	President - Dana Europe, 1993-97
E. J. Shultz (55)	Chairman and President - Dana Credit Corporation since 1995	
R. L. Clayton (39)	President - Heavy Truck Group since 1998	Vice President - Heavy Truck Components Group, 1997-98; Vice President and General Manager - Spicer Heavy Axle & Brake Division, 1996-97; General Manager - Spicer Clutch Division, 1995-96
B. N. Cole (57)	President - Off-Highway Systems Group since 1997	President - Structural Components Group, 1995-97
C. F. Heine (47)	President - Engine Components Group since 1998	President - Dana Asia Pacific, 1996-98; Vice President - Asia Pacific Operations, 1995
C. W. Hinde (61)	Vice President and Chief Accounting Officer since 1992; Assistant Treasurer since 1986	
J. M. Laisure (48)	Group Vice President - Fluid Systems Group since December 1999	Vice President, Modules and Systems Group, 1994-99

Those officers who are designated in Dana's By-Laws are elected by the Board annually at its first meeting after the annual meeting of shareholders. The others are appointed by the Board from time to time. None of the officers has a family relationship with any other Dana officer or director or an arrangement or understanding with any Dana officer or other person pursuant to which he was elected as an officer.

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## ITEM 2 - PROPERTIES

As shown in the following table, we have nearly 500 manufacturing, distribution and service branch or office facilities worldwide. We own the majority of our manufacturing and larger distribution facilities. We lease a few manufacturing facilities and most of our smaller distribution outlets and financial service branches and offices.

Name and Age	Present Position(s)	Other Positions During Past 5 Years
L. W. McCurdy (64)	President - Automotive Aftermarket Group since 1998	Chairman, President and Chief Executive Officer of Echlin, Inc., 1997-98; Executive Vice President - Automotive, Cooper Industries, 1994-97
J. I. Melgar (52)	Vice President - Automotive Axle Products since February 2000	Vice President, Driveshaft Products, 1997-2000; Executive President, Metalcon (a Dana affiliate in Venezuela), 1993-97
W. L. Myers (59)	President - Automotive Axle Products since 1997	President - Spicer Driveshaft Group, 1995-97
M. J. Strobel (59)	Vice President since 1976; General Counsel since 1970; Secretary since 1982	
J. H. Woodward, Jr. (47)	Director of E-Business since February 2000; Vice President since 1996	Corporate Controller, 1996-2000; Controller - - Dana North American Operations, 1994-96

ITEM 3 – LEGAL PROCEEDINGS

We are a party to various pending judicial and administrative proceedings arising in the ordinary course of business. After reviewing the proceedings that are currently pending (including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage, and our established reserves for uninsured liabilities), we do not believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

Under the rules of the Securities and Exchange Commission, we are required to report certain environmental proceedings involving governmental agencies that are not deemed to be routine proceedings incidental to our business. We are not currently a party to any such proceedings.

ITEM 4 – SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

- None -

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PART II

ITEM 5 – MARKET FOR REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is listed on the New York and Pacific Stock Exchanges. On February 25, 2000, there were 34,800 shareholders of record.

Dividends have been paid on our common stock every year since 1936. Quarterly dividends have been paid since 1942.

You can find more information in “Shareholders’ Investment” on page 50 of our 1999 Annual Report.

ITEM 6 – SELECTED FINANCIAL DATA

You can find “Financial Highlights” under “Eleven Year History” on page 51 of our 1999 Annual Report.

ITEM 7 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You can find “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 40 – 46 of our 1999 Annual Report.

ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

You can find information in “Financial Instruments,” “Derivative Financial Instruments” and “Marketable Securities” under “Note 1. Summary of Significant Accounting Policies” on page 27, in “Note 7. Interest Rate Agreements” on page 29 and in “Note 16. Fair Value of Financial Instruments” on page 37 of our 1999 Annual Report.

ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

You can find our financial statements and the report by PricewaterhouseCoopers LLP dated January 25, 2000, on pages 21 – 39 and “Unaudited Quarterly Financial Information” under “Shareholders’ Investment” on page 50 of our 1999 Annual Report.

ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

- None -

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PART III

ITEM 10 – DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

You can find general information about our directors and executive officers in Part I, Item 1 of this Form 10-K and under "Election of Directors" on pages 1 - 2 in our 2000 Proxy Statement.

You can find information about the filing of reports by our directors, officers and 10% stockholders under Section 16(a) of the Securities Exchange Act of 1934 under "Section 16(a) Beneficial Ownership Reporting Compliance" on pages 16 - 17 in our 2000 Proxy Statement.

ITEM 11 – EXECUTIVE COMPENSATION

You can find information about executive compensation in the following sections of our 2000 Proxy Statement: "Compensation" on pages 3 - 4 under "The Board and its Committees," "Executive Compensation" on pages 6 - 13 and "Compensation Committee Report on Executive Compensation" on pages 13 - 16.

You can find information about our stock performance under "Comparison of Five-Year Cumulative Total Return" on page 16 of our 2000 Proxy Statement.

ITEM 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

You can find information about the stock ownership of our directors, officers and 5% stockholders under "Stock Ownership" on pages 4 - 5 of our 2000 Proxy Statement.

ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

You can find information about transactions between Dana and our directors, officers and 5% stockholders under "Transactions with Management" on page 21 of our 2000 Proxy Statement.

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PART IV

ITEM 14 – EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

Type of Facility	North America	Europe	South America	Asia/Pacific	Total
Manufacturing	187	79	38	7	311
Distribution	59	19	13	19	110
Service Branches, Offices	55	7	5	8	75
Total	301	105	56	34	496

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Report of Independent Accountants on  
Financial Statement Schedule

To the Board of Directors  
of Dana Corporation

Our audits of the consolidated financial statements referred to in our report dated January 25, 2000 appearing in the 1999 Annual Report to Shareholders of Dana Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when

PricewaterhouseCoopers LLP

Toledo, Ohio

January 25, 2000

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DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SCHEDULE II(a) – VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

		Page in Annual Report
(a)	The following documents are filed as part of this report:	
(1)	<u>Financial Statements:</u> Report of Independent Accountants Statement of Income for each of the three years in the period ended December 31, 1999 Balance Sheet at December 31, 1998 and 1999 Statement of Cash Flows for each of the three years in the period ended December 31, 1999 Statement of Shareholders' Equity for each of the three years in the period ended December 31, 1999 Notes to Financial Statements Unaudited Quarterly Financial Information	21 22 23 24 25 26 – 39 50 <b>10-K Pages</b>
(2)	<u>Financial Statement Schedule:</u> Report of Independent Accountants on Financial Statement Schedule for the three years ended December 31, 1999 Valuation and Qualifying Accounts and Reserves (Schedule II) Supplementary Information – Commitments and Contingencies All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.	14 15 – 17 18
(3)	Exhibits listed in the "Exhibit Index" Exhibits Nos. 10-A through 10-L are exhibits required to be filed pursuant to Item 14(c) of this report.	19 – 20
(b)	<u>Reports on Form 8-K</u> None	

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DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SCHEDULE II(b) – VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

ALLOWANCE FOR CREDIT LOSSES – LEASE FINANCING

	Balance at beginning of period	Additions charged to income	Trade accounts receivable "written off" net of recoveries	Adjustment arising from change in currency exchange rates and other items	Balance at end of period
Year ended-					
December 31, 1997	\$31,987,000	\$13,880,000	\$(12,479,000)	\$ 554,000	\$33,942,000
December 31, 1998	\$33,942,000	\$20,694,000	\$(16,600,000)	\$2,515,000	\$40,454,000
December 31, 1999	\$40,454,000	\$15,521,000	\$(11,407,000)	\$ (752,000)	\$43,816,000

	Balance at beginning of period	Additions charged to income	Amounts "written off" net of recoveries	Adjustment arising from change in currency exchange rates and other items (1)	Balance at end of period
Year ended-					
December 31, 1997	\$50,825,000	\$12,141,000	\$ (9,851,000)	\$ (462,000)	\$52,653,000
December 31, 1998	\$52,653,000	\$20,117,000	\$(10,561,000)	\$(29,537,000)	\$32,672,000
December 31, 1999	\$32,672,000	\$ 8,172,000	\$ (6,000)	-	\$40,838,000

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SCHEDULE II(c) – VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

VALUATION ALLOWANCE FOR DEFERRED TAX ASSETS

(1) Other items in 1998 include \$(28,889,000) from the sale of the Technology Leasing Group portfolio.

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DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

We are a party to various legal proceedings (judicial and administrative) arising in the normal course of business, including proceedings which involve environmental and product liability claims. You can find additional information in "Note 17. Commitments and Contingencies" on page 37 of our 1999 Annual Report.

With respect to environmental claims, we are involved in investigative and/or remedial efforts at a number of locations, including "on-site" activities at currently or formerly owned facilities and "off-site" activities at "Superfund" sites where we have been named as a potentially responsible party. You can find more information in "Environmental Compliance and Remediation" under "Note 1. Summary of Significant Accounting Policies" on page 27 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 40 - 46 of our 1999 Annual Report.

With respect to product liability claims, we are named in proceedings involving alleged defects in our products. Such proceedings currently include a large number of claims (most of which are for relatively small damage amounts) based on alleged asbestos-related personal injuries. At December 31, 1999, approximately 82,000 such claims were outstanding, of which approximately 30,000 were subject to pending settlement agreements. We have agreements with our insurance carriers providing for the payment of substantially all of the indemnity costs and the legal and administrative expenses for these claims. We are also a party to a small number of asbestos-related property damage proceedings. Our insurance carriers are paying the major portion of the defense costs in connection with these cases and we have incurred minimal indemnity costs to date.

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EXHIBIT INDEX

	Balance at beginning of period	Additions charged to income	Amounts "written off" net of recoveries	Adjustment arising from change in currency exchange rates and other items	Balance at end of period
Year ended-					
December 31, 1997	\$ 4,800,000	\$30,400,000	\$(4,800,000)	-	\$30,400,000
December 31, 1998	\$30,400,000	\$28,800,000	-	-	\$59,200,000
December 31, 1999	\$59,200,000	\$24,000,000	-	-	\$83,200,000

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No.	Description	Method of Filing
3-A	Restated Articles of Incorporation	Filed by reference to Exhibit 3-A to our Form 10-Q for the quarter ended June 30, 1998
3-B	By-Laws, effective April 5, 2000	Filed with this Report
4-A	Specimen Single Denomination Stock Certificate	Filed by reference to Exhibit 4-B to our Registration Statement No. 333-18403 filed December 20, 1996
4-B	Rights Agreement, dated as of April 25, 1996, between Dana and ChemicalMellon Shareholder Services, L.L.C., Rights Agent	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 of our Registration Statement No. 333-42239 filed December 15, 1997
4-D	First Supplemental Indenture between Dana, as Issuer, and Citibank, N.A., Trustee, dated as of March 11, 1998	Filed by reference to Exhibit 4-B-1 to our Report on Form 8-K dated March 12, 1998
4-E	Form of 6.5% Notes due March 15, 2008 and 7.00% Notes due March 15, 2028	Filed by reference to Exhibit 4-C-1 to our Report on Form 8-K dated March 12, 1998
4-F	Second Supplemental Indenture between Dana, as Issuer, and Citibank, N.A., Trustee, dated as of February 25, 1999	Filed by reference to Exhibit 4.B.1 to our Form 8-K dated March 2, 1999
4-G	Form of 6.25% Notes due 2004, 6.5% Notes due 2009, and 7.0% Notes due 2029	Filed by reference to Exhibit 4.C.1 to our Form 8-K dated March 2, 1999
10-A	Additional Compensation Plan	Filed by reference to Exhibit A to our Proxy Statement dated March 3, 2000
10-B	1997 Stock Option Plan	Filed by reference to Exhibit A to our Proxy Statement dated March 5, 1999
10-C	Excess Benefits Plan	Filed by reference to Exhibit 10-F to our Form 10-K for year ended December 31, 1998
10-D	Director Deferred Fee Plan	Filed by reference to Exhibit B to our Proxy Statement dated February 28, 1997
10-D(1)	First Amendment to Director Deferred Fee Plan	Filed by reference to Exhibit 10-I(1) to our Form 10-Q for the quarter ended March 31, 1998
10-D(2)	Second Amendment to Director Deferred Fee Plan	Filed by reference to Exhibit 10-I(2) to our Form 10-K for year ended December 31, 1998
10-E	Employment Agreement between Dana and S.J. Morcott. There are substantially similar agreements with J.M. Magliochetti and M.J. Strobel	Filed with this Report

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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.

No.	Description	Method of Filing
10-F	Change of Control Agreement between Dana and W.J. Carroll. There are substantially similar agreements with B.N. Cole, M.A. Franklin, W.L. Myers, R.C. Richter, and E.J. Shultz	Filed by reference to Exhibit 10-J(4) to our Form 10-K for the year ended December 31, 1997
10-G	Collateral Assignment Split-Dollar Insurance Agreement for Universal Life Policies between Dana and S.J. Morcott. There are substantially similar agreements with J.M. Magliochetti and M.J. Strobel	Filed by reference to Exhibit 10-J(13) to our Form 10-K for the year ended December 31, 1992
10-H	Employment Agreement between Dana and L.W. McCurdy	Filed by reference to Exhibit 10-J(7) to our Form 10-Q for the quarter ended September 30, 1999
10-I	Supplemental Benefits Plan	Filed by reference to Exhibit 10-K to our Form 10-K for the year ended December 31, 1998
10-J	1999 Restricted Stock Plan	Filed by reference to Exhibit B to our Proxy Statement dated March 5, 1999
10-K	1998 Directors' Stock Option Plan	Filed by reference to Exhibit A to our Proxy Statement dated February 27, 1998
10-L	Supplementary Bonus Plan	Filed by reference to Exhibit 10-N to our Form 10-Q for the quarter ended June 30, 1995
13	Those sections of our 1999 Annual Report that are referred to in this Form 10-K	Filed with this Report
21	List of Subsidiaries of Dana	Filed with this Report
23	Consent of PricewaterhouseCoopers LLP	Filed with this Report
24	Power of Attorney	Filed with this Report
27	Financial Data Schedule	Filed with this Report

DANA CORPORATION

(Registrant)

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: March 10, 2000

By: /S/ Martin J. Strobel  
Martin J. Strobel, Vice President

## BY-LAWS OF DANA CORPORATION

## ARTICLE I. EFFECTIVE DATE

SECTION 1.1. EFFECTIVE DATE. These By-Laws are adopted by the Board of Directors (the "Board") of Dana Corporation ("Dana") effective April 5, 2000.

## ARTICLE II. OFFICES

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

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

## ARTICLE III. SHAREHOLDER MEETINGS

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

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

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

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

## b. TIMELINESS.

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

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

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

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

## SECTION 3.4. CONDUCT OF MEETINGS.

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

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

SECTION 3.4.3. ADJOURNMENTS. The chairman of any shareholder meeting, or the holders of a majority of the shares represented at the meeting (whether or not constituting a quorum), may adjourn the meeting from time to time. No further notice need be given if the adjournment is for a period not exceeding 120 days and the new date, time and place are announced at the adjourned meeting. Otherwise, notice shall be given in accordance with Virginia Law.

#### ARTICLE IV. BOARD OF DIRECTORS

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

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

#### SECTION 4.3. MEETINGS AND NOTICE.

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

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

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

SECTION 4.3.4. WAIVER OF NOTICE. A director may waive any notice of meeting

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

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

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

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

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

#### ARTICLE V. BOARD COMMITTEES

SECTION 5.1. ESTABLISHMENT OF COMMITTEES. The Board may, by amendment to the By-Laws, establish and dissolve Board Committees and establish and change the authority of such Committees; provided, that each Committee shall consist of two or more directors (who shall serve thereon at the Board's pleasure) and shall have a chairman who is designated by the Board. Each Committee shall exercise such of the Board's powers as are authorized by the Board, subject to any limitations imposed by Virginia Law. The Board may, from time to time and without amendment to the By-Laws, change the membership or chairmanship of any Board Committee and fill any vacancies thereon or designate another director to act in the place of any Committee member who is absent or disqualified from voting at any meeting of the Committee.

SECTION 5.2. STANDING COMMITTEES. The Board shall have the following Standing Committees:

a. **ADVISORY COMMITTEE.** The Advisory Committee shall make recommendations to the Board on matters relating to the qualifications of directors; the selection of nominees for election as directors at annual shareholder meetings and in filling Board vacancies; the selection and retention of elected officers and management succession; the cash and non-cash compensation of directors; the structure of the Board's Committees; the schedule and agenda for meetings of the Board and its Committees; the criteria for assessing the performance of the Board, its Committees, and the individual directors; and other Board governance matters. When the Board is not in session and when the Advisory Committee is convened by and meeting with the Chairman of the Board for such purpose, the Advisory Committee shall serve as an "executive committee" of the Board and shall have the full authority of the Board under Virginia Law.

b. **AUDIT COMMITTEE.** The Audit Committee shall periodically meet with Dana's financial and accounting management and independent auditors and accountants to review Dana's audit plans, financial reporting, internal controls, and significant issues relating to Dana's contingent liabilities, taxes and insurance programs. The Audit Committee shall provide oversight for Dana's audit programs and shall make recommendations to the Board on matters relating to the selection and retention of the independent auditors. The members of the Audit Committee shall not be employees of Dana.

c. **COMPENSATION COMMITTEE.** The Compensation Committee shall make recommendations to the Board on matters relating to base salaries and other cash and non-cash compensation for senior management under those Dana executive benefit plans in effect from time to time which the Committee interprets and administers. The Compensation Committee shall maintain familiarity with generally accepted national and international compensation practices and may consult with such compensation consultants as it deems appropriate. In making its recommendations, the Compensation Committee shall endeavor to maintain the compensation of Dana's senior management at levels appropriate for Dana's size and business, the responsibilities and performance of the individuals, and Dana's performance. The members of the Compensation Committee shall qualify as "outside directors" under Internal Revenue Service Regulation Section 1.162-27 and shall not be employees of Dana.

d. **FINANCE COMMITTEE.** The Finance Committee shall review Dana's financial condition, liquidity (including aggregate corporate borrowings) and results of operations, and shall recommend to the Board appropriate courses of action with respect to Dana's financial performance and capital structure. Within parameters established with the Board, the Finance Committee shall review and approve management's recommendations on matters relating to major corporate actions (including fixed capital expenditures; acquisitions, investments, and divestitures; working capital programs; and

issuances of equity and debt securities) and shall present such recommendations to the Board.

e. FUNDS COMMITTEE. The Funds Committee shall review the structure and allocation of assets in Dana's pension and other employee benefit funds and the performance of the fund managers, to assure that the funds are managed in compliance with applicable laws and regulations. In performing these advisory functions, the Funds Committee shall refrain from making specific investment recommendations. The Funds Committee shall review and approve management's recommendations on matters relating to the selection and retention of the investment managers.

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

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

#### ARTICLE VI. OFFICERS

SECTION 6.1. OFFICES AND ELECTION. The Board shall elect the following officers annually at the first Board meeting following the annual shareholders meeting: the Chairman (who shall be a member of the Board), the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana international, the Chief Financial Officer, the Treasurer, the Secretary, and such Executive Vice Presidents, Vice Presidents, Assistant Treasurers and Assistant Secretaries as it deems appropriate. Any person may simultaneously hold more than one office. Each officer shall hold office until the election and qualification of his or her successor, or until his or her earlier resignation or removal. Election as an officer shall not, of itself, create any contractual rights in the officer or in Dana, including, without limitation, any rights in the officer for compensation beyond his or her term of office.

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

SECTION 6.3. DUTIES OF OFFICERS. The officers shall perform the following duties and any others which are assigned by the Board from time to time, are required by Virginia

Law, or are commonly incident to their offices:

- a. CHAIRMAN OF THE BOARD. The Chairman shall provide leadership to the Board in discharging its functions; shall preside at all meetings of the Board; shall act as a liaison between the Board and Dana's management; and, with the Chief Executive Officer, shall represent Dana to the shareholders, investors and other external groups. If the Chairman is absent or incapacitated, the Chairman of the Advisory Committee shall have his or her powers and duties.
- b. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be Dana's principal executive officer, with responsibility for the general management of Dana's business affairs. The Chief Executive Officer shall develop and recommend to the Board long-term strategies for Dana, annual business plans and budgets to support those strategies, and plans for management development and succession that will provide Dana with an effective management team. He or she shall serve as Dana's chief spokesperson to internal and external groups. If the Chief Executive Officer is absent or incapacitated, the President shall have his or her powers and duties.
- c. CHIEF OPERATING OFFICER. The Chief Operating Officer shall oversee the management of Dana's day-to-day business in a manner consistent with Dana's financial and operating goals and objectives, continuous improvement in Dana's products and services, and the achievement and maintenance of satisfactory competitive positions within Dana's industries.
- d. PRESIDENT. The President shall have such duties as are assigned by the Chief Executive Officer. If the President is absent or incapacitated, the Chairman shall have his or her powers and duties.
- e. PRESIDENT-DANA INTERNATIONAL. The President-Dana International shall have such duties as are assigned by the Chairman.
- f. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall be responsible for the overall management of Dana's financial affairs.
- g. EXECUTIVE VICE PRESIDENTS AND VICE PRESIDENTS. The Executive Vice Presidents and the Vice Presidents shall have such duties as are assigned by the Chairman.
- h. TREASURER. The Treasurer shall have charge and custody of Dana's funds and securities and shall receive monies due and payable to Dana from all sources and deposit such monies in banks, trust companies, and depositories as authorized by the Board. If the Treasurer is absent or incapacitated and has not previously designated in writing another person or persons to have his or her powers and duties, any Assistant Treasurer shall have such powers and duties.
- i. SECRETARY. The Secretary shall prepare and maintain minutes of all meetings of the Board and of Dana's shareholders; shall assure that notices required by these By-Laws, Dana's Articles, Virginia Law or the Exchange Act are duly given; shall be custodian of Dana's seal (if any) and affix it as required; shall authenticate Dana's

records as required; shall keep or cause to be kept a register of the shareholders' names and addresses as furnished by them; and shall have general charge of Dana's stock transfer books. If the Secretary is absent or incapacitated and has not previously designated in writing another person or persons to have his or her powers and duties, any Assistant Secretary shall have such powers and duties.

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

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

#### SECTION 6.5. GUARANTEES OF INDEBTEDNESS.

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

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

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

SECTION 6.7. SECURITIES OF OTHER ENTITIES. With respect to securities issued by another entity which are beneficially owned by Dana, each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana International, the Chief Financial Officer, any Executive Vice President, any Vice President, the Treasurer, and the Secretary shall have the power to attend any meeting

of security holders of the entity and vote thereat; to execute in the name and on behalf of Dana such written proxies, consents, waivers or other instruments as they deem necessary or proper to exercise Dana's rights as a security holder of the entity; and otherwise to exercise all powers to which Dana is entitled as the beneficial owner of the securities. Except as otherwise provided by law, any of these officers may delegate any of the foregoing powers to any other officer, employee or attorney-in-fact of Dana by written special power of attorney.

#### ARTICLE VII. INDEMNIFICATION

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

#### ARTICLE VIII. DANA STOCK

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

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

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

#### ARTICLE IX. AMENDMENT

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

DANA WORLD HEADQUARTERS

December 12, 1998

Southwood J. Morcott  
 Dana Corporation  
 4500 Dorr Street  
 Toledo, OH 43615

Dear Mr. Morcott:

The Corporation is on this date entering into an amended and restated employment agreement with you (the Employment Agreement). As a separate and additional inducement for you to enter into the amended and restated Employment Agreement and to provide you with reasonable assurance that the purposes of the Employment Agreement will not be frustrated as a result of the cost of its enforcement should a dispute arise out of or relate to any provision of the Employment Agreement, the Corporation hereby agrees to pay, in consideration of and following your execution of the amended and restated Employment Agreement, all legal expenses, including costs, which you may incur in any such dispute in accordance with the terms and conditions of the Memorandum attached to this letter. This letter supersedes a corresponding letter (and Memorandum) dated December 8, 1997 which shall no longer be of any force or effect.

It is suggested that you retain this letter and the Memorandum with the Employment Agreement and your other documents of value. For the Corporation's files please acknowledge receipt and your agreement on the enclosed copy of this letter and return it in an envelope marked "Confidential" to the Secretary of Dana Corporation.

Sincerely,

DANA CORPORATION

By: /S/ MARTIN J. STROBEL

-----  
 Chairman of the Board  
 of Directors

By: /S/ R. B. PRIORY

-----  
 Chairman of the Compensation  
 Committee

My agreement to and receipt of the foregoing letter and the Memorandum is hereby acknowledged this 12TH day of JUNE, 1999. ----

-----  
 /S/ S. J. MORCOTT

-----  
 Southwood J. Morcott  
 People Finding A Better Way  
 DANA CORPORATION

P.O. Box 1000 Toledo, Ohio 43697, Tel: (419) 535-4500 Fax: (419) 535-4643

Memorandum of Terms and Conditions  
Relating to Legal Fees and Expenses  
Referred to in Letter dated December 12, 1998  
from Dana Corporation to the Executive (The "Letter")  
-----

1. The words used in this memorandum and in the Letter shall have the same meaning as in the Employment Agreement. Reference hereafter to the Letter shall be deemed to refer also to this memorandum.

2. The Corporation's obligations under the Letter shall become effective if and when any claim or dispute by or against the Executive or anyone claiming under or through the Executive (such person being hereinafter referred to as the "beneficiary"), or any dispute between the Executive or his beneficiary and the Corporation or any third party, should arise out of or relate to the Employment Agreement or the Letter, or both, or the validity, operation, interpretation, enforceability or breach thereof.

3. The Corporation shall, upon presentation of appropriate commercial vouchers, pay all legal expenses, including all reasonable legal fees, court costs, arbitration costs, and ordinary and necessary out-of-pocket expenses of attorneys, billed to and payable by the Executive or the beneficiary in connection with bringing, prosecuting, defending, litigating, arbitrating, negotiating or settling such dispute or claim, provided that

(a) the Executive or his beneficiary shall repay to the Corporation any such expenses theretofore paid by or on behalf of the Corporation if and to the extent that the Executive and his beneficiary shall fail to prevail in such dispute or claim and such expenses were not incurred by the Executive and his beneficiary while acting in good faith, and provided further, that

(b) in the case of any claim or dispute by the Executive or his beneficiary, such claim shall be timely made, or notice of such dispute timely given, in writing, with specific reference to the provisions of the Letter, delivered in the same manner as provided in Section 14(b) of the Employment Agreement, in no event later than three (3) years after the occurrence of the event giving rise to such claim or dispute.

4. (a) At such time after the date of the Employment Agreement as the Corporation shall receive written demand by the

Executive or, in the event of his death, by his beneficiary, together with a statement signed by an attorney selected by the Executive or his beneficiary stating that in the opinion of such attorney a suit or claim described in paragraph 2 above exists which could reasonably be expected to lead to litigation, the Corporation will set aside in trust an amount equal to (i) the Annual Base Salary payable to the Executive under the provisions of Section 3(a) of the Employment Agreement for the month immediately preceding the month in which such demand shall have been made or, if no such salary was payable for such month, for the first month preceding the month in which such demand shall have been made for which such salary was payable, multiplied by (ii) twelve (12).

(b) Such amount and any income thereon shall be held, paid and applied by the trustee of such trust for the purpose of assuring and securing payment of the Corporation's obligations under paragraph 3 above. As and when any funds are paid out by the trustee, the Corporation shall replenish same by payment to the trustee of an amount equal to the funds so paid by the trustee.

Any funds remaining in the trust at such time as the trustee, in its sole discretion, reasonably exercised, determines, upon the advice of counsel and after consultation with the Corporation and the Executive or, in the event of his death, his beneficiary, that all obligations of the parties under the Employment Agreement and the Letter have been substantially satisfied, shall be repaid by the trustee to the Corporation.

(c) The trustee of such trust, the fees and expenses of which shall be paid by the Corporation, shall be a national or state bank or trust company having a combined capital, surplus and undivided profits and reserves of not less than Ten Million Dollars (\$10,000,000) which is duly authorized and qualified to do business in the state in which the Executive resides at the time of such demand.

5. The following provisions of the Employment Agreement shall be deemed applicable to the Letter to the same extent as if incorporated herein at length, with the term "this Letter" being deemed substituted for the term "this Agreement" where appropriate in any such provision: Section 5(e)(1), relating to arbitration and judicial proceedings; Section 11, relating to successors to the Corporation; Section 12(a), relating to the

definition of "beneficiary"; Section 13, relating to amendment, modification and waiver; Section 14(a), relating to governing law and captions; Section 14(b), relating to notices; Section 14(c), relating to severability; Section 14(d), relating to withholding; Section 14(f), relating to the entirety of the Letter; Section 14(g), relating to non-assignability and the like; Section 14(j), relating to specific performance and the like; Section 14(m), relating to the meaning of Executive after death or during incompetence; and Section 14(n), relating to legal holidays.

6. The Letter is not intended to enlarge, diminish or otherwise alter in any way the Executive's rights, duties and obligations and those of the Corporation under the Employment Agreement.

EMPLOYMENT AGREEMENT

BETWEEN

DANA CORPORATION

AND

SOUTHWOOD J. MORCOTT

DATED DECEMBER 12, 1998

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 \*Each listed term is intended to include both the singular and plural form of the term.

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\*Each listed term is intended to include both the singular and plural  
form of the term.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") made and entered into as of this 12th day of December, 1998, by and between DANA CORPORATION, a Virginia corporation whose principal place of business is located at 4500 Dorr Street, Toledo, Ohio (the "Corporation"), and Southwood J. Morcott (the "Executive");

WHEREAS, the Executive is a principal executive officer of the Corporation and an integral part of its management; and

WHEREAS, the Corporation wishes to assure itself of the continuing services of the Executive and to assure the Executive of continued employment during the period of employment hereunder; and

WHEREAS, the Executive is willing to commit himself to remain in the employ of the Corporation during such period on terms and conditions substantially similar to those on which other senior executive officers of the Corporation are employed, and to forego opportunities elsewhere during such period; and

WHEREAS, the parties have entered into an Agreement dated December 14, 1992, as amended from time to time thereafter (the "Prior Agreement"); and

WHEREAS, the parties wish to amend and restate the Prior Agreement (as it had been amended from time to time thereafter) in its entirety;

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

1. EMPLOYMENT AND TERM.

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

(b) The Employment Period under this Agreement shall commence as of December 12, 1998, and, subject only to the provisions of Section 4 below relating to termination of employment, shall continue until (i) the close of business on December 31, 2001 or (ii) such later date as shall result from the operation of subparagraph (c) below (the "Terminal Date").

(c) Commencing on December 31, 1998, and on each anniversary of such date (such date and each such annual anniversary thereof, the "Renewal Date") the Terminal Date set forth in subparagraph (b) above shall be extended so as to occur three (3) years from the Renewal Date unless either party shall have given notice to the other party that the Terminal Date is not to be extended or further extended.

2. POSITION AND DUTIES OF THE EXECUTIVE.

(a) POSITION. It is contemplated that during the Change of Control Period (as defined in Section 12(d), below), the Executive will continue to serve as a principal officer of the Corporation and as a member of its Board of Directors if serving as a member of the Board of Directors immediately prior to the Change of Control Date, with the office(s) and title(s), reporting responsibility, and duties and responsibilities of the Executive immediately prior to the Change of Control Date. The Executive hereby agrees that at any time prior to the Change of Control Date, the Board of Directors of the Corporation (or the individual to whom the Executive reports) may, without the Executive's consent, change the Executive's office(s), title(s), reporting responsibility, and duties or responsibilities.

The office(s), title(s), reporting responsibility, duties and responsibilities of the Executive on the date of this Agreement, as the same may be changed from time to time after the date of this Agreement in accordance with the provisions of the previous paragraph, shall be summarized in Exhibit A to this Agreement, it being understood and agreed that if, as and when the office(s), title(s), reporting responsibility, duties or responsibilities of the Executive shall be so changed after the date of this Agreement, Exhibit A shall be deemed to be, and shall be updated by the parties to reflect such change; PROVIDED, HOWEVER, that Exhibit A is

intended only as a memorandum for the convenience of the parties and shall be disregarded if, and to the extent that, Exhibit A shall fail to reflect accurately the office(s), title(s), reporting responsibility, duties or responsibilities of the Executive as so changed after the date of this Agreement because the parties shall have failed to update Exhibit A as aforesaid.

At all times during the Change of Control Period, the Executive shall hold a position of responsibility and importance and a position of scope, with the functions, duties and responsibilities attached thereto, at least equal in responsibility and importance and in scope to and commensurate with his position described in general terms above in this Section 2(a) and intended to be summarized in Exhibit A to this Agreement.

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

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

(b) DUTIES. Throughout the Employment Period the Executive shall devote his full time and undivided attention during normal business hours to the business and affairs of the Corporation except for reasonable vacations and except for illness or incapacity, but nothing in this Agreement shall

preclude the Executive from devoting reasonable periods required for:

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

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

(iii) engaging in charitable and community activities; and

(iv) managing his personal investments;

provided that such activities do not materially interfere with the regular performance of his duties and responsibilities under this Agreement.

(c) LOCATION OF OFFICE. During the Change of Control Period, the office of the Executive shall be located at the principal offices of the Corporation, within the greater Toledo, Ohio area, and the Executive shall not be required to locate his office elsewhere without his prior written consent, nor shall he be required to be absent therefrom on travel status or otherwise more than thirty (30%) of the working days in any calendar year nor for more than ten (10) consecutive days at any one time.

### 3. COMPENSATION.

The Executive shall receive the following compensation for his services:

(a) SALARY. So long as the Executive is employed by the Corporation, he shall be paid an annual base salary, payable not less often than monthly, at the rate of not less than \$100,000 per month with such increases as shall be awarded from time to time in accordance with the Corporation's regular administrative practices of other salary increases applicable to executives of the Corporation, subject to any and all required withholdings and deductions for Social

Security, income taxes and the like (the "Annual Base Salary"). The Board of Directors of the Corporation (the "Board") may from time to time direct such upward adjustments to Annual Base Salary as the Board deems to be necessary or desirable; PROVIDED, HOWEVER, that during the Change of Control Period (as defined in Section 12(d) below), the Annual Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time but not less often than annually and shall be substantially consistent with increases in base salary generally awarded in the ordinary course of business to other senior executives of the Corporation and its Affiliated Companies (a term which, as used in this Agreement, shall mean a Subsidiary or Affiliate of the Corporation) and, in addition, shall be adjusted effective as of January 1st of each calendar year commencing in the Change of Control Period to reflect increases in the cost of living during the preceding calendar year. Annual Base Salary shall not be reduced after any increase thereof pursuant to this Section 3(a). Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation of the Corporation under this Agreement.

(b) ADDITIONAL COMPENSATION. So long as the Executive is employed by the Corporation, he shall be eligible to receive annual short-term incentive awards or bonuses (such award or bonus is hereinafter referred to as "Short-Term Award" or "Annual Bonus") from the Dana Corporation Additional Compensation Plan, and from any successor or replacement plan (the Dana Corporation Additional Compensation Plan and such successor or replacement plans being referred to herein collectively as the "ACP"), in accordance with the terms thereof; PROVIDED, HOWEVER, that, with respect to each fiscal year of the Corporation ending during the Change of Control Period, the Executive shall be awarded (whether under the terms of the ACP or otherwise) an Annual Bonus in an amount that shall not be less than fifty percent (50%) of his Annual Base Salary rate in effect on the last day of such fiscal year (which amount shall be prorated if such fiscal year shall be less than 12 months) (the "Target Annual Bonus"). Each Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the receipt of such Annual Bonus is deferred in accordance with the terms of the ACP.

(c) INCENTIVE, STOCK AND SAVINGS PLANS. So long as the Executive is employed by the Corporation, he shall be and continue to be a full participant in the Dana Corporation 1997 Stock Option Plan, the ACP (providing for Short-Term Awards) and in any and all other incentive, stock, savings or retirement plans, practices or policies in which executives of the Corporation participate that are in effect on the date hereof and that may hereafter be adopted, including, without limitation, any stock option, stock purchase or stock appreciation plans, or any successor plans that may be adopted by the Corporation with, except in the case of the ACP after the commencement of the Change of Control Period, at least the same reward opportunities, if any, that have heretofore been provided to the Executive. Nothing in this Agreement shall preclude improvement of reward opportunities in such plans or other plans in accordance with the practice of the Corporation on or after the date of this Agreement. Any provision of the ACP or of this Agreement to the contrary notwithstanding, any Short-Term Awards made to the Executive during the Change of Control Period (whether for services rendered prior to or after the Change of Control Date) shall be paid wholly in cash as soon as practicable after the awards are made.

(d) RETIREMENT AND WELFARE BENEFIT PLANS. The Executive, his dependents and Beneficiary, including, without limitation, any beneficiary of a joint and survivor or other optional method of payment applicable to the payment of benefits under the Pension and Retirement Program of the Corporation, as defined in Section 3(j)(vii) below, shall be entitled to all payments and benefits and service credit for benefits during the Employment Period to which other senior executives of the Corporation, their dependents and their beneficiaries are entitled under the terms of employee retirement and welfare benefit plans and practices of the Corporation, including, without limitation, the Pension and Retirement Program of the Corporation (as defined in Section 3(j)(vii) below), the Corporation's Savings and Investment Plan, its Stock Purchase Plan, its Stock Award Plan, its Income Protection Plan for Management and Certain Other Employees providing layoff and severance benefits, its 1989 Restricted Stock Plan, its Excess Benefits Plan, its Supplemental Benefits Plan, its death benefit plans (consisting of

its Group Insurance Plan for Management Employees providing life insurance, accidental death and dismemberment insurance, and travel accident insurance), its disability benefit plans (consisting of its salary continuation, sickness and accident and long-term disability benefits programs), its medical, dental and health and welfare plans and other present or equivalent successor plans and practices of the Corporation, its Subsidiaries and divisions, for active and retired employees, for which officers, their dependents and beneficiaries, are eligible, and to all payments or other benefits under any such plan or practice subsequent to the Employment Period as a result of participation in such plan or practice during the Employment Period.

(e) EXPENSES. So long as the Executive is employed by the Corporation, he shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the policies, practices and procedures of the Corporation and its Affiliated Companies from time to time in effect, commensurate with his position and on a basis at least comparable to that of other senior executives of the Corporation.

(f) FRINGE BENEFITS. So long as the Executive is employed by the Corporation, he shall be entitled to fringe benefits, including, without limitation, the business and personal use of an automobile, and payment or reimbursement of club initiation fees and dues, in accordance with the plans, practices, programs and policies of the Corporation and its Affiliated Companies from time to time in effect, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(g) OFFICE AND SUPPORT STAFF. So long as the Executive is employed by the Corporation, he shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(h) VACATION AND OTHER ABSENCES. So long as the Executive is employed by the Corporation, he shall be entitled

to paid vacation and such other paid absences whether for holidays, illness, personal time or any similar purposes, in accordance with the plans, policies, programs and practices of the Corporation and its Affiliated Companies in effect from time to time, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(i) BENEFITS SHALL NOT BE REDUCED UNDER CERTAIN CIRCUMSTANCES.

Nothing in this Agreement shall preclude the Corporation from amending or terminating any employee benefit or welfare plan or practice, but, it being the intent of the parties that the Executive shall continue to be entitled during the Employment Period to perquisites as set forth in this Section 3 and to benefits and service credit for benefits under Section 3(d) above at least equal to those attached to his position on February 13, 1984, the date of the original agreement between the parties, and except as provided in the last sentence of this Section 3(i), nothing in this Agreement shall operate or be construed to reduce, or authorize a reduction without the Executive's written consent in, the level of such perquisites, benefits or service credit for benefits; in the event of any such reduction, by amendment or termination of any plan or practice or otherwise, the Executive, his dependents and Beneficiary, shall continue to be entitled to perquisites, benefits and service credit for benefits at least equal to the perquisites, benefits and service credit for benefits under such plans or practices that he or his dependents and Beneficiary would have received if such reduction had not taken place. If and to the extent that such perquisites, benefits and service credits are not payable or provided under any such plans or practices by reason of such amendment or termination thereof, the Corporation itself shall pay or provide therefor. Notwithstanding the foregoing provisions of this Section 3(i), the Executive hereby waives the benefit of the foregoing minimum benefit protection only as it applies to the Dana Corporation Savings and Investment Plan, and to its medical, dental and health plans for active and retired employees. The Executive expressly does not waive the application of the foregoing minimum benefit protection to any of the other benefit plans, programs or practices enumerated in Section 3 above, including, without limitation, the Pension and Retirement Program of the Corporation (including

the lump sum discount factor in effect on February 13, 1984), its death benefit plans, its disability benefit plans, and its Income Protection Plan for Management and Certain Other Employees. The Executive reserves the right to cancel the above waiver, prospectively, at any future time by giving written notice to the Corporation of such cancellation. Nothing in this Section 3(i) shall be construed to prohibit the Corporation from amending or terminating any employee benefit or welfare plan or practice to reduce benefits, so long as such reduction applies to all salaried Corporation employees covered by such plan or practice equally and such reduction is adopted prior to the commencement of the Change of Control Period.

(j) SUPPLEMENTAL RETIREMENT ANNUITY.

(i) If the Service of the Executive, including, without limitation, the period set forth in Section 5(a)(iv)(2) below, relating to the period between the Date of Termination and the end of the Termination Period, shall terminate other than for Cause as defined in Section 4(b) below, and if the Executive shall have a total of not less than fifteen (15) years of Service, as defined in subparagraph (viii) of this Section 3(j), whether or not consecutive, the Executive, subject to compliance with the provisions of Sections 9 and 10 below, relating to confidential information and Competition, respectively, and after the Executive's death, his Beneficiary shall be entitled to the supplemental retirement annuity provided by this Section 3(j) in addition to all other benefits to which the Executive (or his Beneficiary), may be entitled including, without limitation, benefits under the Pension and Retirement Program of the Corporation.

Such supplemental retirement annuity shall be payable by the Corporation on a straight life annuity basis commencing on the first day of the month coinciding with or next following the latest of

- (1) termination of Service;
- (2) attainment by the Executive of age 55; and

- (3) if the Executive had not previously retired with 15 years or more of Service, the expiration of the Employment Period;

and continuing on the first day of each month thereafter during his lifetime.

(ii) The monthly payment provided for in Section 3(j)(i) above shall be equal to fifty percent (50%) (or if higher, the percentage which is the product of 1.6% multiplied by the Executive's Credited Service at retirement, as such Credited Service is determined by application of the definition of Credited Service under the Dana Corporation Retirement Plan), of the Executive's Highest Average Monthly Compensation, as defined in Section 3(j)(vi), less the sum of

- (1) commencing at the earliest date that it could be payable on or after termination of Service, the aggregate monthly retirement benefit payable to the Executive for life on a straight life annuity basis under the Pension and Retirement Program of the Corporation to the extent attributable to contributions of the Corporation, its Subsidiaries and Affiliates;
- (2) commencing at the earliest date that it could be payable on or after termination of Service, the aggregate monthly retirement or disability benefit payable to the Executive for life on a straight life annuity basis following his retirement or termination from employment by the Corporation, its Subsidiaries and Affiliates, to the extent attributable to contributions other than by the Executive under pension or retirement plans of all corporations, organizations or entities other than the Corporation, its Subsidiaries and Affiliates;
- (3) commencing at the earliest date payable on or after termination of Service, 50% of the monthly primary Social Security benefit that

would be or would have been payable to the Executive in the absence of any compensation that may at the time be or have been earned by him; and

- (4) commencing at the earliest date payable on or after termination of Service and continuing until no longer payable, the aggregate monthly disability benefit payable to the Executive under disability benefit plans and pension plans of the Corporation, its Subsidiaries and Affiliates to the extent attributable to contributions of the Corporation, its Subsidiaries and Affiliates.

(iii) The Executive may elect to receive payment of the supplemental retirement annuity provided by this Section 3(j), under a joint and survivor or any other optional method of payment available under the Dana Corporation Retirement Plan, including, without limitation, any deferral in the time of payment thereof. The amount of the benefit payable pursuant to any form of payment under this Section 3(j) shall be determined by applying the mortality assumptions, interest rates, and other factors contained in the Dana Corporation Retirement Plan that would be applicable to the form of payment elected by the Executive (subject, however, to any actuarial factor that may apply as a result of the operation of Section 3(i)); PROVIDED THAT, if a lump sum distribution is made hereunder, the amount of the lump sum distribution shall be actuarially equivalent to the monthly benefit prescribed by Section 3(j)(ii), calculated using the basis described in subparagraph (1) or (2), below, whichever produces the larger lump sum amount:

- (1) the lump sum amount calculated on the basis of the "applicable interest rate" (as in effect for the November preceding the calendar year in which the calculation is made) and the "applicable mortality table," both as defined in Section 417(e) of the Internal Revenue Code; or

- (2) the lump sum amount calculated on the basis of the actuarial equivalent factor used to convert the Executive's Earned Benefit Account into a life annuity under the Dana Corporation Retirement Plan at the time the calculation is made, subject to any lump sum discount factor that might apply as a result of the operation of Section 3(i) of this Agreement.

If it is determined that the Executive is subject to federal income taxation on an amount in respect of the supplemental retirement annuity prior to the distribution of all of such amount to him, the Corporation shall forthwith pay to the Executive all (or the balance) of such amount as is includable in the Executive's federal gross income and correspondingly reduce future payments, if any, of the supplemental retirement annuity.

(iv) In the event the Executive should die prior to terminating Service with the Corporation, the Executive's surviving spouse to whom he is then married, or if no such surviving spouse is then living, his Beneficiary, shall be entitled to receive a lump sum benefit equal to 100% of the benefit to which the Executive would have been entitled under this Section 3(j), as if the Executive had retired on the date of his death and elected a lump sum benefit hereunder.

(v) In the event that the Corporation defaults in payment of all or any part of the supplemental retirement annuity provided above in this Section 3(j) and fails to remedy such default within thirty days after having received notice from the Executive or his Beneficiary, the Corporation shall thereupon pay to the Executive or his Beneficiary, as the case may be, in full discharge of its obligations under this Section 3(j), (1) a lump sum amount actuarially equivalent (based on the same assumptions and discount factors as would be applicable under the Dana Corporation Retirement Plan) to the future payments otherwise payable under this Section 3(j), and (2) an amount equal to any and all past due payments under this Section 3(j).

(vi) The term "Highest Average Monthly Compensation" shall mean the sum of (1) one-twelfth (1/12) of the Annual Base Salary provided in Section 3(a) at the rate being paid at the time the Executive's termination of employment occurred, and (2) one-twelfth (1/12) of the average of the highest Annual Bonuses payable to the Executive for any three (3) consecutive full or partial fiscal years during his employment by the Corporation, PROVIDED, HOWEVER, that, solely for purposes of this Section 3(j), and for no other purposes under this Agreement, with respect to 1994 and subsequent years' Annual Bonuses, only that portion of the Employee's Annual Bonus as does not exceed 125% of his Annual Base Salary will be considered.

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

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

#### 4 TERMINATION OF EMPLOYMENT.

##### (a) DEATH OR DISABILITY.

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

(ii) If the Corporation determines in good faith that the Disability (as defined below) of the Executive has occurred during the Employment Period, it may give to the Executive written notice in accordance with Section 14(b) below of its intention to terminate the Executive's employment. In such event, the Employment Period shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), PROVIDED, that within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Corporation on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Corporation or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) CAUSE. The Corporation may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, the termination of the Executive's employment shall be deemed to have been for "Cause" only

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

(ii) if there has been a breach by the Executive during the Employment Period of the provisions of Section 2(b), relating to the time to be devoted to the affairs of the Corporation, or of Section 9, relating to confidential information, and such breach results in demonstrably material injury to the Corporation, and, with respect to any alleged breach of Section 2(b) hereof, the Executive shall have either failed to remedy such alleged breach within thirty days from his receipt

of written notice from the Secretary of the Corporation pursuant to resolution duly adopted by the Board of Directors of the Corporation after notice to the Executive and an opportunity to be heard demanding that he remedy such alleged breach, or shall have failed to take all reasonable steps to that end during such thirty-day period and thereafter;

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

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

- (1) as the result of bad judgment or negligence on the part of the Executive, or
- (2) because of an act or omission believed by the Executive in good faith to have been in or not opposed to the interests of the Corporation, or
- (3) for any act or omission in respect of which a determination could properly be made that the Executive met the applicable standard of conduct prescribed for indemnification or reimbursement or payment of expenses under (A) the Bylaws of the Corporation, or (B) the laws of the State of Virginia, or (C) the directors' and officers' liability insurance of the Corporation, in each case either as in effect at the time of this Agreement or in effect at the time of such act or omission, or

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

(c) GOOD REASON. Following a Change of Control (as defined in Section 12(b) below), the Executive may terminate his employment for Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence after the Change of Control Date of any of the following events:

- (i) Failure to elect or reelect the Executive to the Board of Directors of the Corporation, if the Executive shall have been a member of the Board of Directors on the date of this Agreement or at any time thereafter during the Employment Period, or failure to elect or reelect the Executive to, or removal of the Executive from, the office(s) described in Section 2(a) above and intended to be summarized in Exhibit A to this Agreement.
- (ii) A significant change in the nature or scope of the authorities, powers, functions or duties attached to the position described in Section 2 above and

intended to be summarized in Exhibit A to this Agreement, or a reduction in compensation, which is not remedied within 30 days after receipt by the Corporation of written notice from the Executive.

(iii) A determination by the Executive made in good faith that as a result of a Change of Control, and a change in circumstances thereafter and since the date of this Agreement significantly affecting his position, he is unable to carry out the authorities, powers, functions or duties attached to his position and contemplated by Section 2 of this Agreement and the situation is not remedied within 30 days after receipt by the Corporation of written notice from the Executive of such determination.

(iv) A breach by the Corporation of any provision of this Agreement not embraced within the foregoing clauses (i), (ii) and (iii) of this Section 4(c) which is not remedied within 30 days after receipt by the Corporation of written notice from the Executive.

(v) The liquidation, dissolution, consolidation or merger of the Corporation or transfer of all or a significant portion of its assets unless a successor or successors (by merger, consolidation or otherwise) to which all or a significant portion of its assets have been transferred shall have assumed all duties and obligations of the Corporation under this Agreement but without releasing the corporation that is the original party to this Agreement;

PROVIDED, that in any event set forth in this Section 4(c), the Executive shall have elected to terminate his employment under this Agreement, upon not less than ten and not more than ninety days' advance written notice to the Corporation, attention of the Secretary, given, except in the case of a continuing breach, within three calendar months after (A) failure to be so elected or reelected, or removal, (B) expiration of the thirty-day cure period with respect to such event, or (C) the closing date of such liquidation, dissolution, consolidation, merger or transfer of assets, as the case may be.

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

(d) NOTICE OF TERMINATION. Any termination by the Corporation for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 14(b) below. For purposes of this Agreement, a "Notice of Termination" means a written notice which

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

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

(iii) if the Date of Termination (as defined in Section 4(e) below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than fifteen days after the giving of such notice).

(e) DATE OF TERMINATION. "Date of Termination" means

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

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

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

5 OBLIGATIONS OF THE CORPORATION UPON TERMINATION.

(a) TERMINATION OTHER THAN FOR CAUSE. If, during the Employment Period, the Corporation shall terminate the Executive's employment other than for Cause or the Executive shall terminate his employment following a Change of Control for Good Reason (termination in any such case referred to as "Termination"):

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

- (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid,
- (2) the product of (x) the Target Annual Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365, and
- (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(ii) at the end of the month next following the Termination, and at the end of each month thereafter until the earliest of the end of the Employment Period, three years following the Date of Termination, or until the Executive shall attain the age of 65 years, but in no event beyond the end of the month in which the death of the Executive shall have occurred or

the end of the sixth month following the Disability Effective Date (such period to be called the "Termination Period"), the Corporation shall pay to the Executive an amount equal to the Highest Average Monthly Compensation; PROVIDED, HOWEVER, that such amount shall be reduced by any other amounts payable to the Executive in respect of salary or bonus continuation to be received by the Executive under any severance plan, policy or arrangement of the Corporation; and, PROVIDED, FURTHER, that if the Date of Termination occurs on or after the occurrence of a Change of Control, such amount shall be paid as a lump-sum within 30 days following the Date of Termination, such lump-sum calculated based upon the present value (within the meaning of Section 280G(d)(4) of the Internal Revenue Code of 1986 as amended (the "Code")) of the payments which would be made absent the Change of Control; and

(iii) During the Termination Period, or such longer period as any plan, program, practice or policy may provide, the Corporation shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(d) above if the Executive's employment had not been terminated in accordance with the most favorable plans, practices, programs or policies of the Corporation and its Affiliated Companies as in effect and applicable generally to other senior executives of the Corporation and its Affiliated Companies and their families during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Executive, as in effect at any time thereafter or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other senior executives of the Corporation and its Affiliated Companies and their families, PROVIDED, HOWEVER, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility

(such continuation of such benefits for the applicable period herein set forth shall be hereinafter referred to as "Welfare Benefit Continuation"). For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the end of the Termination Period and to have retired on the date of the end of the Termination Period. To the extent that any benefits referred to in this Section 5(a)(iii) shall not be payable or provided under any such plan by reason of the Executive's no longer being an employee of the Corporation as the result of Termination, the Corporation shall itself pay, or provide for payment of, such benefits and the service credit for benefits provided for in Section 5(a)(iv) below, to the Executive, his dependents and Beneficiary; and

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

- (1) Service with the Corporation for the purpose of continued credits under the employee benefit plans referred to in Section 3(d) above and all other benefit plans of the Corporation applicable to the Executive or his Beneficiary as in effect immediately prior to Termination but prior to any reduction of benefits thereunder as the result of amendment or termination during the Employment Period;
- (2) Service within the meaning of Section 3(j)(viii) above for purposes of Section 3(j) above; and
- (3) Employment with the Corporation for purposes of determining payments and other rights in respect of awards made or accrued and award opportunities granted prior to Termination under the executive incentive plans referred to in Section 3(c) above and all other incentive

plans of the Corporation in which the Executive was a participant prior to Termination; and

(v) to the extent not theretofore paid or provided, the Corporation shall timely pay or provide to the Executive and/or the Executive's family any other amounts or benefits required to be paid or provided or which the Executive and/or the Executive's family is eligible to receive pursuant to this Agreement and under any plan, program, policy or practice or contract or agreement of the Corporation and its Affiliated Companies as in effect and applicable generally to other senior executives of the Corporation and its Affiliated Companies and their families during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Executive, as in effect generally thereafter with respect to other senior executives of the Corporation and its Affiliated Companies and their families (such other amounts and benefits shall be referred to below as the "Other Benefits").

(b) TERMINATION ON OR AFTER CHANGE OF CONTROL. If Termination shall have occurred coincidental with a Change of Control or during the Change of Control Period, any provision of Section 5(a)(iv) above or of the ACP to the contrary notwithstanding, upon such Termination, the Corporation shall pay or distribute to the Executive on an accelerated basis, to the extent, if any, not theretofore accelerated, any and all outstanding Short-Term Awards, or installments thereof, under the ACP that shall have been awarded to the Executive prior to Termination and deferred for payment subsequent to termination of employment, with any such accelerated payment based on the value, determined in accordance with such plan (or successor plan), of such awards or installments (and any increments thereon) on the Termination Date, and such accelerated payment or distribution shall constitute a complete discharge of the Corporation's obligation in respect of the Short-Term Awards so paid or distributed.

(c) CAUSE; OTHER THAN FOR GOOD REASON. If the Executive's employment shall be terminated for Cause during the Employment Period, the Corporation shall have no further obligations to the Executive under this Agreement other than

the obligation to pay the Executive's Annual Base Salary, any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), and accrued vacation pay through the Date of Termination, in each case to the extent not theretofore paid, and any other amounts or benefits to which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation. If the Executive terminates employment during the Employment Period, excluding a termination for Good Reason following a Change of Control, the Corporation shall have no further obligations to the Executive, other than to pay the Executive's Annual Base Salary, any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon), and accrued vacation pay through the termination date, in each case to the extent not theretofore paid, any other benefits to which the Executive and/or the Executive's family is otherwise entitled under the terms of any employee benefit or incentive plan of the Corporation, and, if the Executive is otherwise eligible under the provisions of Section 3(j) of this Agreement, he shall also be entitled to receive the supplemental retirement annuity described in such Section 3(j).

(d) DEATH OR DISABILITY.

(i) In the event of the death of the Executive during the Employment Period, the legal representative of the Executive shall be entitled to the compensation provided for in Sections 3(a) and 3(b) above for the month in which death shall have taken place, at the rate being paid at the time of death, and the Employment Period shall be deemed to have ended as of the close of business on the last day of the month in which death shall have occurred but without prejudice to any payments due in respect of the Executive's death. Further, in the event the Executive should die prior to terminating Service with the Corporation, the Executive's surviving spouse or Beneficiary, as the case may be, shall be entitled to receive the supplemental retirement annuity pursuant to Section 3(j)(iv).

(ii) In the event of the Disability of the Executive during the Employment Period, the Executive

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

(e) RESOLUTION OF DISPUTES.

(i) RIGHT OF ELECTION BY EXECUTIVE TO ARBITRATE OR SUE. In the event that the Executive's employment shall be terminated by the Corporation during the Employment Period and such termination is alleged to be for Cause, or the Executive's right to terminate his employment under Section 4(c) above shall be questioned by the Corporation, or the Corporation shall withhold payments or provision of benefits for any other reason, the Executive shall have the right, in addition to all other rights and remedies provided by law, at his election either to seek arbitration within the Toledo, Ohio area under the rules of the American Arbitration Association by serving a notice to arbitrate upon the Corporation or to institute a judicial proceeding, in either case within ninety days after having received notice of termination of his employment or notice in any form that the termination of his employment under Section 4(b) above is subject to question or that the Corporation is withholding or proposes to withhold payments or provision of benefits.

(ii) THIRD-PARTY STAKEHOLDER. In the event that the Corporation defaults on any obligation set forth in Section 5(a) above, relating to Termination, and shall have failed to remedy such default within thirty (30) days after having received written notice of such default from the Executive, in addition to all other rights and remedies that the Executive may have as a result of such default, the Executive may demand and the Corporation shall thereupon be required to deposit, with the third-party stakeholder hereinafter described, an amount equal to the undiscounted value of any and all

undischarged, future obligations of the Corporation under Section 5(a) above and such amount shall thereafter be held, paid, applied or distributed by such third-party stakeholder for the purpose of satisfying such undischarged, future obligations of the Corporation when and to the extent that they become due and payable. Any interest or other income on such amount shall be retained by the third-party stakeholder and applied, if necessary, by it to satisfy such obligations, PROVIDED, HOWEVER, that any interest or other income that is earned on such undischarged, future obligations after the date that the third-party stakeholder determines, in its sole discretion, that such obligations are due and owing to the Executive, shall be paid to the Executive as earned. To the extent not theretofore expended, such amount (including any remaining unexpended interest or other income) shall be repaid to the Corporation at such time as the third-party stakeholder, in its sole discretion, reasonably exercised, determines, upon the advice of counsel and after consultation with the Corporation and the Executive or, in the event of his death, his Beneficiary, that all obligations of the Corporation under Section 5(a) above have been substantially satisfied.

Such amount shall, in the event of any question, be determined jointly by the firm of certified public accountants regularly employed by the Corporation and a firm of certified public accountants selected by the Executive, in each case upon the advice of actuaries to the extent the certified public accountants consider necessary, and, in the event such two firms of accountants are unable to agree on a resolution of the question, such amount shall be determined by an independent firm of certified public accountants selected jointly by both firms of accountants.

The third-party stakeholder, the fees and expenses of which shall be paid by the Corporation, shall be a national or state bank or trust company having a combined capital, surplus and undivided profits and reserves of not less than Ten Million Dollars (\$10,000,000) which is duly authorized and qualified to

do business in the state in which the Executive resides at the time of such default.

(f) BENEFITS ARE IN ADDITION TO SUPPLEMENTAL RETIREMENT ANNUITY. Any provision of this Agreement to the contrary notwithstanding, the payments, benefits, service credit for benefits and other matters provided by this Section 5, including without limitation Section 5(a) above, in the event of a Termination, are in addition to any payments, benefits, service credit for benefits and other matters provided by Section 3(j) above relating to a supplemental retirement annuity that may apply in such event.

6 NON-EXCLUSIVITY OF RIGHTS.

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

7 FULL SETTLEMENT.

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

provisions of this Agreement and, except as provided in Section 5(a)(iii) above, such amounts shall not be reduced whether or not the Executive obtains other employment.

8 GOLDEN PARACHUTE TAX PAYMENTS.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution involving a change of control of the Corporation, by the Corporation or any other person or entity, to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 8) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision) or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") from the Corporation in an amount such that, after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All calculations and determinations required to be made under this Section 8, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Price Waterhouse (or any successor thereto by merger or operation of law) (the "Accounting Firm"). In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the change of control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne

solely by the Corporation. Any Gross-Up Payment, as determined pursuant to this Section 8, shall be paid by the Corporation to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Corporation and the Executive.

(c) The Executive shall promptly notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment.

The Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such claim and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 8(c), the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or to contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; PROVIDED, HOWEVER, that if the Corporation directs the Executive to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance.

Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

9 CONFIDENTIAL INFORMATION.

(a) The Executive agrees not to disclose, either while in the Corporation's employ or at any time thereafter, to any person not employed by the Corporation, or not engaged to render services to the Corporation, except with the prior written consent of an officer authorized to act in the matter by the Board of Directors of the Corporation, any confidential information obtained by him while in the employ of the Corporation, including, without limitation, information relating to any of the Corporation's inventions, processes, formulae, plans, devices, compilations of information, methods of distribution, customers, client relationships, marketing strategies or trade secrets; PROVIDED, HOWEVER, that this provision shall not preclude the Executive from use or disclosure of information known generally to the public or of information not considered confidential by persons engaged in the business conducted by the Corporation or from disclosure required by law or Court order. The agreement herein made in this Section 9(a) shall be in addition to, and not in limitation or derogation of, any obligations otherwise imposed by law upon the Executive in respect of confidential information and trade secrets of the Corporation, its Subsidiaries and Affiliates.

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

relationships, marketing strategies or any description of any formulae or secret processes, or which was obtained by him or entrusted to him during the course of his employment with the Corporation.

10 COMPETITION.

(a) Subject to the provisions of Section 5(e) above relating to resolution of disputes, there shall be no obligation on the part of the Corporation to make any further payments provided for in Section 3(j) above relating to payment of a supplemental retirement annuity, if the Executive shall, during the period that such payments are being made or benefits provided, engage in Competition with the Corporation as hereinafter defined, provided all of the following shall have taken place:

(i) the Secretary of the Corporation, pursuant to resolution of the Board of Directors of the Corporation, shall have given written notice to the Executive that, in the opinion of the Board of Directors, the Executive is engaged in such Competition, specifying the details;

(ii) the Executive shall have been given a reasonable opportunity upon reasonable notice to appear before and to be heard by the Board of Directors prior to the determination of the Board evidenced by such resolution;

(iii) the Executive shall neither have ceased to engage in such Competition within thirty days from his receipt of such notice nor diligently taken all reasonable steps to that end during such thirty-day period and thereafter.

Notwithstanding any provision to the contrary contained herein, in the event of a Termination, as defined in Section 5(a) above, this Section 10(a) shall not apply following a Change of Control.

(b) The Executive agrees in addition to the provisions relating to Competition set forth in Section 10(a) above that he will not engage in Competition at any time (i) during

the Employment Period, and (ii) except in the event of a Termination, during the thirty-six (36) months immediately following the termination of his employment with the Corporation.

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

(i) taking a management position with or control of a business engaged in the design, development, manufacture, marketing or distribution of products, which constituted 15% or more of the sales of the Corporation and its Subsidiaries and Affiliates during the last fiscal year of the Corporation preceding the termination of the Executive's employment, in any geographical area in which the Corporation, its Subsidiaries or Affiliates is at the time engaging in the design, development, manufacture, marketing or distribution of such products; PROVIDED, HOWEVER, that in no event shall ownership of less than 5% of the outstanding capital stock entitled to vote for the election of directors of a corporation with a class of equity securities held of record by more than 500 persons, standing alone, be deemed Competition with the Corporation within the meaning of this Section 10,

(ii) soliciting any person who is a customer of the businesses conducted by the Corporation, or any business in which the Executive has been engaged on behalf of the Corporation and its Subsidiaries or Affiliates at any time during the term of this Agreement on behalf of a business described in clause (i) of this Section 10,

(iii) inducing or attempting to persuade any employee of the Corporation or any of its Subsidiaries or Affiliates to terminate his employment relationship in order to enter into employment with a business described in clause (i) of this Subsection 10(c), or

(iv) making or publishing any statement which is, or may reasonably be considered to be, disparaging of the Corporation or any of its Subsidiaries or Affiliates, or directors, officers, employees or the operations or

products of the Corporation or any of its Subsidiaries or Affiliates, except to the extent the Executive, during the Employment Period, makes the statement to employees or other representatives of the Corporation or any of its Subsidiaries or Affiliates in furtherance of the Corporation's business and the performance of his services hereunder.

11. SUCCESSORS.

Except as otherwise provided herein,

(a This Agreement shall be binding upon and shall inure to the benefit of the Executive, his heirs and legal representatives, and the Corporation and its successors as provided in this Section 11.

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

12. CERTAIN DEFINITIONS.

The following defined terms used in this Agreement shall have the meanings indicated:

(a BENEFICIARY. The term "Beneficiary" as used in this Agreement shall, in the event of the death of the Executive, mean an individual or individuals and/or an entity or entities, including, without limitation, the Executive's estate, duly designated on a form filed with the Corporation by the Executive to receive any amount that may be payable after his death or, if no such individual, individuals, entity or entities has or have been so designated, or is at the time in existence or able to receive any such amount, the Executive's estate.

(b) CHANGE OF CONTROL. A "Change of Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the Corporation's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (1) of paragraph (iii) below; or

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

(iii) there is consummated a merger or consolidation of the Corporation or any direct or indirect Subsidiary of the Corporation with any other corporation, other than (1) a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any

parent thereof) at least 50% of the combined voting power of the securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (2) a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the Corporation's then outstanding securities; or

(iv) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets, other than a sale or disposition by the Corporation of all or substantially all of the Corporation's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Corporation in substantially the same proportions as their ownership of the Corporation immediately prior to such sale.

"Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Corporation or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the stockholders of the Corporation

in substantially the same proportions as their ownership of stock of the Corporation.

(c CHANGE OF CONTROL DATE. The "Change of Control Date" shall mean the first date on which a Change of Control occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Corporation is terminated or the Executive ceases to have the position with the Corporation set forth in Section 2(a) above prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination or cessation (i) was at the request of a third party who has taken steps reasonably calculated to effect the Change of Control or (ii) otherwise arose in connection with or anticipation of the Change of Control, then for all purposes of this Agreement the "Change of Control Date" shall mean the date immediately prior to the date of such termination or cessation.

(d CHANGE OF CONTROL PERIOD. The "Change of Control Period" shall mean the period commencing on the Change of Control Date and ending on the last day of the Employment Period.

13. AMENDMENT OR MODIFICATION; WAIVER.

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

## 14. MISCELLANEOUS.

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

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

## IF TO THE EXECUTIVE:

-----

Mr. Southwood J. Morcott  
c/o Dana Corporation  
4500 Dorr Street

Toledo, Ohio 43615

## COPY TO:

-----

Mr. Southwood J. Morcott  
29765 Durham Circle  
Perrysburg, Ohio 43551

## IF TO THE CORPORATION:

-----

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

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

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

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

(e When used herein in connection with plans, programs and policies relating to the Executive, employees,

compensation, benefits, perquisites, executive benefits, services and similar words and phrases, the word "Corporation" shall be deemed to include all wholly-owned Subsidiaries of the Corporation.

(f This instrument contains the entire agreement of the parties concerning the subject matter, and all promises, representations, understandings, arrangements and prior agreements concerning the subject matter are merged herein and superseded hereby, including, without limitation, the agreements between the parties dated February 13, 1984, December 10, 1990, December 14, 1992, and December 8, 1997.

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

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

(i Subject to the provisions of Section 5(e) above, all payments to be made under this Agreement shall be paid from the general funds of the Corporation and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of amounts payable under this Agreement.

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

(k Subject to the provisions of Section 5(e) above, nothing contained in this Agreement shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and the Executive or any other person.

(l Subject to the provisions of Section 5(e) above, to the extent that any person acquires a right to receive payments from the Corporation under this Agreement, except to the extent provided by law such right shall be no greater than the right of an unsecured general creditor of the Corporation.

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

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

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

DANA CORPORATION

By /S/ MARTIN J. STROBEL

-----  
Name:  
Title:

By /S/ R. B. PRIORY

-----  
Chairman of the  
Compensation Committee

Attest:

/S/ SUE A. GRIFFIN  
-----  
Assistant Secretary

/S/ S. J. MORCOTT

-----  
Executive

Exhibit A to Agreement made as of December 12, 1998  
between Dana Corporation and Southwood J. Morcott  
-----

As of February 18, 1999, for purposes of Section 2(a),

the office and title of the Executive is Chairman of the Board  
of Directors of the Corporations;

the reporting responsibility of the Executive is to report  
directly and only to the Board of Directors of the Corporation; and

the duties and responsibilities of the Executive are:

The Executive shall continue to serve as the principal officer  
of the Corporation and as general manager of all operations  
and affairs of the Corporation, its subsidiaries, affiliates  
and divisions, at all times having the authority, powers and  
duties of the person charged with the general management of  
the business and affairs of the Corporation, with authority to  
manage and direct all operations and affairs of the  
Corporation, its subsidiaries, affiliates and divisions, and  
to employ and discharge all employees thereof subject to  
approval of the Board of Directors of the Corporation with  
respect to elected officers of the Corporation. The Executive  
shall serve as Chairman of the Policy Committee of the  
Corporation and as Co-Chairman of the Strategic Operating  
Committee of the Corporation. The Executive shall continue to  
report to and be responsible only to the Board of Directors of  
the Corporation, with all employees of the Corporation, its  
subsidiaries, affiliates and divisions reporting directly or  
indirectly to him.

**Statement of Income**

*in millions except per share amounts*

Date: <u>March 10, 2000</u>	* /S/ Southwood J. Morcott Southwood J. Morcott, Chairman of the Board
Date: <u>March 10, 2000</u>	/S/ Joseph M. Magliochetti Joseph M. Magliochetti, Director and Chief Executive Officer
Date: <u>March 10, 2000</u>	/S/ Robert C. Richter Robert C. Richter, Chief Financial Officer
Date: <u>March 10, 2000</u>	/S/ Charles W. Hinde Charles W. Hinde, Chief Accounting Officer
Date: <u>March 10, 2000</u>	* /S/ B.F. Bailar B.F. Bailar, Director
Date: <u>March 10, 2000</u>	* /S/ A.C. Baillie A.C. Baillie, Director
Date: <u>March 10, 2000</u>	* /S/ E.M. Carpenter E.M. Carpenter, Director
Date: <u>March 10, 2000</u>	* /S/ E. Clark E. Clark, Director
Date: <u>March 10, 2000</u>	* /S/ G.H. Hiner G.H. Hiner, Director
Date: <u>March 10, 2000</u>	* /S/ M.R. Marks M. R. Marks, Director
Date: <u>March 10, 2000</u>	* /S/ R.B. Priory R. B. Priory, Director
	*By: /S/ Martin J. Strobel Martin J. Strobel, Attorney-in-Fact

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

[DANA LOGO]

**Balance Sheet**

*in millions except par value*

	Year Ended December 31		
	1997	1998	1999
<b>Net sales</b>	<b>\$11,911</b>	<b>\$12,464</b>	<b>\$13,159</b>
Revenue from lease financing	172	173	111
Other income, net	319	202	83
	<u>12,402</u>	<u>12,839</u>	<u>13,353</u>
<b>Costs and expenses</b>			
Cost of sales	10,067	10,449	10,964
Selling, general and administrative expenses	1,152	1,122	1,192
Restructuring and integration charges	328	118	181
Merger expenses	50	50	—
Interest expense	251	280	279
	<u>11,798</u>	<u>12,019</u>	<u>12,616</u>
Income before income taxes	604	820	737
Estimated taxes on income	294	315	251
	<u>310</u>	<u>505</u>	<u>486</u>
Income before minority interest and equity in earnings of affiliates	310	505	486
Minority interest	(22)	(8)	(13)
Equity in earnings of affiliates	32	37	40
	<u>320</u>	<u>534</u>	<u>513</u>
<b>Net income</b>	<b>\$ 320</b>	<b>\$ 534</b>	<b>\$ 513</b>
<b>Net income per common share</b>			
Basic income per share	\$ 1.97	\$ 3.24	\$ 3.10
Diluted income per share	\$ 1.94	\$ 3.20	\$ 3.08
Cash dividends declared and paid per common share	\$ 1.04	\$ 1.14	\$ 1.24
Average shares outstanding – Basic	163	165	165
Average shares outstanding – Diluted	165	167	166

**Statement of Cash Flows**

in millions

	December 31	
	1998	1999
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 230	\$ 111
Accounts receivable		
Trade, less allowance for doubtful accounts of \$41 - 1998 and \$44 - 1999	1,617	1,935
Other	248	411
Inventories	1,679	1,784
Other current assets	563	560
Total current assets	4,337	4,801
Investments and other assets	1,645	1,858
Investment in leases	852	1,014
Property, plant and equipment, net	3,304	3,450
Total assets	\$10,138	\$11,123
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Notes payable, including current portion of long-term debt	\$ 1,698	\$ 1,418
Accounts payable	996	1,129
Accrued payroll and employee benefits	355	462
Other accrued liabilities	783	755
Taxes on income	155	124
Total current liabilities	3,987	3,888
Deferred employee benefits and other noncurrent liabilities	1,337	1,398
Long-term debt	1,718	2,732
Minority interest in consolidated subsidiaries	156	148
Total liabilities	7,198	8,166
Shareholders' equity		
Common stock, \$1 par value, shares authorized, 350; shares issued, 166 - 1998 and 163 - 1999	166	163
Additional paid-in capital	591	520
Retained earnings	2,455	2,762
Accumulated other comprehensive loss	(272)	(488)
Total shareholders' equity	2,940	2,957
Total liabilities and shareholders' equity	\$10,138	\$11,123

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

[DANA LOGO]

**Statement of Shareholders' Equity**

in millions

	Year Ended December 31		
	1997	1998	1999
Net cash flows from operating activities	\$ 929	\$ 795	\$ 608
Cash flows from investing activities:			
Purchases of property, plant and equipment	(579)	(661)	(807)
Purchases of assets to be leased	(452)	(546)	(480)
Acquisitions	(601)	(829)	(18)
Divestitures	491	1,039	36
Changes in investments and other assets	(79)	(96)	(115)
Loans made to customers and partnerships	(115)	(232)	(299)
Payments received on leases	250	265	200
Proceeds from sales of certain assets	33	9	45
Proceeds from sales of leased assets	26	91	135
Payments received on loans	155	228	206
Other	(6)	(2)	(4)
Net cash flows - investing activities	(877)	(734)	(1,101)
Cash flows from financing activities:			
Net change in short-term debt	(247)	54	(341)
Issuance of long-term debt	939	473	1,396
Payments on long-term debt	(461)	(624)	(376)
Dividends paid	(165)	(198)	(206)
Other	33	41	(99)
Net cash flows - financing activities	99	(254)	374
Net increase (decrease) in cash and cash equivalents	151	(193)	(119)
Cash and cash equivalents - beginning of year	272	423	230
Cash and cash equivalents - end of year	\$ 423	\$ 230	\$ 111
Reconciliation of net income to net cash flows from operating activities:			
Net income	\$ 320	\$ 534	\$ 513
Depreciation and amortization	450	488	519
Unremitted earnings of affiliates	(19)	(33)	(37)
Deferred income taxes	3	64	66
Minority interest	15	12	6
Change in accounts receivable	(65)	(162)	(528)
Change in inventories	75	(72)	(183)
Change in other operating assets	9	17	1
Change in operating liabilities	275	13	296
Additions to lease and loan loss reserves	12	20	8
Gains on divestitures	(163)	(80)	(5)
Other	17	(6)	(48)
Net cash flows from operating activities	\$ 929	\$ 795	\$ 608

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

## Notes to Financial Statements

in millions except share and per share amounts

### Note 1. Summary of Significant Accounting Policies

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

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

The following summary of significant accounting policies should help you evaluate the financial statements. Certain amounts in 1997 and 1998 have been reclassified to conform with the 1999 presentation.

### Principles of Consolidation

The consolidated financial statements include all significant 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. Operations of affiliates accounted for on the equity method of accounting are generally included for periods ended within one month of our year end. 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.

### Foreign Currency Translation

The financial statements of subsidiaries and equity affiliates outside the United States (U.S.) located in non-highly inflationary economies are measured using the currency of the primary economic environment in which they operate as the functional currency, which for the most part is the local currency. Transaction gains and losses which result from translating assets and liabilities of these entities into the functional currency are included in net earnings. When translating into U.S. dollars, income and expense items are translated at average monthly rates of exchange and assets and liabilities are translated at the rates of exchange at the balance sheet date. Translation adjustments resulting from translating the functional currency into U.S. dollars are deferred as a component of accumulated other comprehensive income in shareholders' equity. For affiliates operating in highly inflationary economies, non-monetary assets are translated into U.S. dollars at historical exchange rates and monetary assets are translated at current exchange rates. Translation adjustments for these affiliates are included in net earnings.

### Inventories

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

### Lease Financing

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

### Allowance for Losses on Lease Financing

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

### Goodwill

Cost in excess of net assets of companies acquired is generally amortized on a straight-line basis over the estimated period of expected benefit, ranging from 10 to 40 years.

## Loans Receivable

Loans receivable consist primarily of loans to partnerships in which DCC has an interest and loans secured by equipment and first mortgages on real property. The loans to partnerships are secured by the partnerships' assets. Income on all loans is recognized using the interest method. Interest income on impaired loans is recognized as cash is collected or on a cost recovery basis.

## Allowance for Losses on Loans Receivable

Provisions for losses on loans receivable are determined on the basis of loss experience and assessment of inherent risk. Adjustments are made to the allowance for losses to adjust loans receivable to an estimated collectible amount. Income recognition is generally discontinued on accounts which are contractually past due and where no payment activity has occurred within 120 days. Accounts are charged against the allowance for losses when determined to be uncollectible.

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[DANA LOGO]

## Properties and Depreciation

Property, plant and equipment are valued at historical costs. Depreciation is recognized over the estimated useful lives using primarily the straight-line method for financial reporting purposes and accelerated depreciation methods for federal income tax purposes. Long-lived assets are reviewed for impairment and where appropriate are adjusted to fair market value.

## Revenue Recognition

Sales are recognized when products are shipped. Accruals for warranty costs, sales returns and other allowances are provided at the time of shipment based upon experience. Adjustments are made as new information becomes available.

## Income Taxes

Current tax liabilities and assets are recognized for the estimated taxes payable or refundable on the tax returns for the current year. Deferred tax balances reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax basis. Amounts are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. Deferred tax assets are reduced, if necessary, by the amount of any tax benefits not expected to be realized. The "flow-through" method of accounting is used for investment tax credits, except for investment tax credits arising from leveraged leases and certain direct financing leases for which the deferred method is used for financial statement purposes.

## Financial Instruments

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

## Derivative Financial Instruments

Various types of derivative financial instruments are used primarily to hedge interest rate and foreign currency effects. Derivatives are not used for trading or speculative purposes. Gains and losses relating to qualifying hedges of firm commitments or anticipated transactions are deferred and recognized as adjustments of carrying amounts when the hedged transaction occurs. Interest rate swaps are primarily used to manage exposure to fluctuations in interest rates. Differentials to be paid or received on certain interest rate agreements are accrued and recognized as adjustments to interest expense.

Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued in June 1998 and revises the accounting for derivative financial instruments. We are currently analyzing the impact of this statement, which is required to be adopted in 2001, but do not expect it to have a material impact on our financial statements.

## Environmental Compliance and Remediation

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

## Pension Plans

Annual net periodic pension costs under defined benefit pension plans are determined on an actuarial basis. Our policy is to fund these costs as accrued, including amortization of the initial unrecognized net obligation over 15 years and obligations arising due to plan amendments over the period benefited, through deposits with trustees. Benefits are determined based upon employees'

**Postretirement Benefits Other Than Pensions**

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

**Postemployment Benefits**

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

**Statement of Cash Flows**

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

**Marketable Securities**

The majority of marketable securities satisfy the criteria for cash equivalents and are classified accordingly. The remainder of marketable securities are classified as available for sale. Available-for-sale securities, which are included in investments and other assets, are carried at fair value and any unrealized gains or losses, net of income taxes, are reported as a component of accumulated other comprehensive loss in shareholders' equity.

**Notes to Financial Statements**

in millions except share and per share amounts

**Note 1. Summary of Significant Accounting Policies (Continued)****Stock-Based Compensation**

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

**Note 2. Common Shares**

In connection with employee stock plans, we repurchased 406,616 shares in 1997, 299,082 in 1998 and 304,927 in 1999.

In 1997, we contributed 1,000,000 shares of common stock to the Dana Corporation Pension Plans Trust.

During 1999, the Board of Directors (Board) authorized the expenditure of up to \$350 to repurchase shares of our common stock. The authorization extends through October 19, 2000. The repurchases are being accomplished through open market transactions. In 1999, we repurchased 2,994,400 shares at an aggregate cost of \$100. All shares repurchased are cancelled and become authorized but unissued shares.

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

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			Shareholders' Equity
				Foreign Currency Translation	Minimum Pension Liability	Net Unrealized Investment Gain (Loss)	
Balance, December 31, 1996	\$161	\$ 460	\$1,950	\$(139)	\$ -	\$ 3	\$2,435
Comprehensive income:							
Net income for 1997			320				
Foreign currency translation				(71)			
Minimum pension liability					(2)		
Net unrealized investment gains						4	
Total comprehensive income							251
Cash dividends declared			(165)				(165)
Issuance of shares for defined benefit pension plans	1	31					32
Cost of shares reacquired	(1)	(13)					(14)
Issuance of shares for employee stock plans	2	44					46
Issuance of shares in connection with acquisitions	1	18					19
Balance, December 31, 1997	164	540	2,185	(210)	(2)	7	2,604
Comprehensive income:							
Net income for 1998			534				
Foreign currency translation				(54)			
Minimum pension liability					(9)		
Net unrealized investment gains						(4)	
Total comprehensive income							467
Cash dividends declared			(184)				(184)
Cost of shares reacquired		(14)					(14)
Issuance of shares for director and employee stock plans	2	65					67
Balance, December 31, 1998	166	591	2,455	(264)	(11)	3	2,940
Comprehensive income:							
Net income for 1999			513				
Foreign currency translation				(214)			
Minimum pension liability					(2)		
Total comprehensive income							297

Cash dividends declared  
 Cost of shares reacquired  
 Issuance of shares for director and employee stock plans

(3)

(185)  
 34

(206)

(206)  
 (108)  
 34

Balance, December 31, 1999

\$163

\$ 520

\$2,762

\$(478)

\$(13)

\$ 3

\$2,957

**Note 3. Preferred Share Purchase Rights**

We have a Preferred Share Purchase Rights Plan which is designed to deter coercive or unfair takeover tactics. One right has been issued on each share of our common stock outstanding on and after July 25, 1996. Under certain circumstances, the holder of each right may purchase 1/1000th of a share of our Series A Junior Participating Preferred Stock, no par value. The rights have no voting privileges and will expire on July 15, 2006, unless exercised, redeemed or exchanged sooner.

Generally, the rights cannot be exercised or transferred apart from the shares to which they are attached. However, if any person or group acquires 15% or more of our outstanding common stock or commences a tender offer that would result in the acquirer owning 15% of our outstanding shares, the rights not owned by the acquirer will become exercisable and, for the exercise price of \$110 per share (unless adjusted), holders of these rights will be able to purchase Dana common shares at 50% of the market value. If we merge with or sell 50% or more of our assets or earnings power to the acquirer or engage in similar transactions, the rights not held by the acquirer can also be exercised. In that event, for the \$110 exercise price, the holders will be able to purchase common shares of the acquiring or surviving company at 50% of market value.

The Board may redeem 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 exchange each right for one share of our common stock.

**Note 4. Preferred Shares**

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

**Note 5. Inventories**

The components of inventory are as follows:

	1997	1998	1999
Outstanding at beginning of year	161,010,241	163,810,306	165,690,844
Issued for acquisitions	493,559		
Issued for director and employee stock plans	1,713,122	2,179,620	764,535
Issued for defined benefit pension plans	1,000,000		
Repurchased and cancelled	(406,616)	(299,082)	(309,837)
Repurchase program			(2,994,400)
Outstanding at end of year	163,810,306	165,690,844	163,151,142
Average outstanding for the year (basic)	162,743,602	165,057,443	165,322,644
Plus: Incremental shares from assumed conversion of -			
Deferred compensation units	424,615	476,197	461,112
Deferred restricted stock units	6,357	27,917	106,044
Stock options	1,402,763	1,480,967	608,165
Potentially dilutive shares	1,833,735	1,985,081	1,175,321
Adjusted average shares outstanding for the year (diluted)	164,577,337	167,042,524	166,497,965

Inventories amounting to \$1,053 and \$1,161 at December 31, 1998 and 1999, respectively, are valued using the LIFO method. If all inventories were valued at replacement cost, inventories would be increased by \$127 and \$135 at December 31, 1998 and 1999, respectively.

[DANA LOGO]

**Note 6. Short-Term Debt**

Short-term funds for certain U.S. and non-U.S. operations are obtained from issuing commercial paper, short-term notes payable to banks and bank overdrafts.

At December 31, 1999, Dana, excluding DCC, had \$420 of commercial paper outstanding, \$75 borrowed against uncommitted U.S. bank lines, \$28 of non-U.S. notes and \$77 of notes payable at its non-U.S. subsidiaries. DCC had \$182 of commercial paper issued, \$156 borrowed against uncommitted U.S. bank lines and \$30 of notes payable at its non-U.S. subsidiaries.

Dana, excluding DCC, had committed borrowing lines of \$875 and uncommitted borrowing lines of \$537 at December 31, 1999. DCC had committed borrowing lines of \$561 and uncommitted borrowing lines of \$390 at December 31, 1999. Fees are paid to the banks for providing committed lines, but not for uncommitted lines. Such fees are not considered material.

Selected details of short-term borrowings are as follows:

	December 31	
	1998	1999
Raw materials	\$ 471	\$ 534
Work in process and finished goods	1,208	1,250

In March 1999, we terminated our agreement with a financial institution to sell, without recourse, undivided fractional interests in designated pools of trade accounts receivable, up to a maximum of \$200. Accounts receivable at December 31, 1998 is presented net of the \$200 of trade receivables sold under this agreement.

#### Note 7. Interest Rate Agreements

We enter into interest rate agreements to manage interest rate risk by reducing our exposure to the effects of future interest rate movements. Under interest rate

swap agreements, we agree to exchange with third parties, at specific intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional amount. At December 31, 1999, DCC was committed to receive interest rates which change periodically in line with prevailing short-term market rates (the average rate being received at December 31, 1999 was 6.13%) and to pay an average rate of 7.46% which is fixed over the period of the agreements on notional amounts of \$200. DCC's notional amounts of interest rate swaps expire as follows: 2000, \$125; 2001, \$30 and 2002, \$45. Dana, exclusive of DCC, was not a party to any interest rate swap agreements at December 31, 1999.

#### Note 8. Long-Term Debt

	Amount	Weighted Average Interest Rate
Balance at December 31, 1998	\$1,321	5.8%
Average during 1998	1,369	5.8
Maximum during 1998 (month end)	1,576	5.8
Balance at December 31, 1999	\$ 968	6.0%
Average during 1999	1,162	5.4
Maximum during 1999 (month end)	1,490	5.6

The total maturities of all long-term debt for the five years after 1999 are as follows: 2000, \$450; 2001, \$389; 2002, \$475; 2003, \$26 and 2004, \$463.

We filed universal shelf registration statements in December 1997 and December 1998 authorizing us to issue debt or equity securities, or a combination thereof, in an aggregate amount not to exceed \$1,350. In March 1998, we issued \$200 of 7.0% unsecured notes due March 15, 2028 and \$150 of 6.5% unsecured notes due March 15, 2008. In March 1999, we issued \$250 of 6.25% unsecured notes due March 1, 2004, \$350 of 6.5% unsecured notes due March 1, 2009 and \$400 of 7.0% unsecured notes due March 1, 2029.

During 1999, DCC established a \$500 Medium Term Note Program. Notes under the program are offered on terms determined at the time of issuance. At December 31, 1999, notes totaling \$175 were outstanding under the program.

Interest on the notes is payable on a semi-annual basis. These notes are general, unsecured obligations of DCC. DCC has agreed that it will not issue any other notes which are secured or senior to notes issued under the program, except as permitted by the program.

Interest paid on short-term and long-term debt was \$236 in 1997, \$283 in 1998 and \$285 in 1999.

#### Notes to Financial Statements

in millions except share and per share amounts

#### Note 9. Stock Option Plans

The Compensation Committee of the Board grants stock options to selected Dana employees under the 1997 Stock Option Plan. The option price is equal to the market price of the stock at the date of grant. One-fourth of the options granted become exercisable at each of the first four anniversary dates of the grant; options generally expire ten years from the date of grant. Stock appreciation rights may be granted separately or in conjunction with the options.

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

	December 31	
	1998	1999
Indebtedness of Dana, excluding consolidated subsidiaries -		
Unsecured notes payable, fixed rates -		
6.13% - 7.04%, due 2000 to 2002	\$ 960	\$ 745
7.0% notes, due March 15, 2028	200	200
6.5% notes, due March 15, 2008	150	150
6.25% notes, due March 1, 2004		250
6.5% notes, due March 1, 2009		350
7.0% notes, due March 1, 2029		400
Various industrial revenue bonds and other	5	4
Indebtedness of DCC -		
Unsecured notes payable, fixed rates, 5.98% - 8.44%, due 2000 to 2007	336	654
Unsecured notes payable, variable rates, 6.31% - 6.47%, due 2000 to 2002	320	215
Nonrecourse notes payable, fixed rates, 6.80% - 12.05%, due 2000 to 2010	66	154
Indebtedness of other consolidated subsidiaries	58	60
Total long-term debt	2,095	3,182
Less: Current maturities	377	450
	\$1,718	\$2,732

Outstanding at December 31, 1996	7,724,146	\$ 26.15
Granted - 1997	2,258,199	37.96
Exercised - 1997	(1,627,188)	22.78
Cancelled - 1997	(127,549)	29.76
Outstanding at December 31, 1997	8,227,608	\$ 30.01
Granted - 1998	2,519,524	48.14
Exercised - 1998	(2,062,466)	25.17
Cancelled - 1998	(174,009)	35.89
Outstanding at December 31, 1998	8,510,657	\$ 36.43
Granted - 1999	2,333,919	45.50
Exercised - 1999	(569,933)	30.65
Cancelled - 1999	(193,138)	43.24
Outstanding at December 31, 1999	10,081,505	\$ 38.78

At December 31, 1999, 4,477,834 shares were available for future grants.

In accordance with our accounting policy for stock-based compensation, we have not recognized any expense relating to these stock options. If we had used the fair value method of accounting, the alternative policy set out in SFAS No. 123, "Accounting for Stock-Based Compensation," the after-tax expense relating to the stock options would have been \$6 in 1997, \$12 in 1998 and \$11 in 1999. If we had charged this expense to income, our net income and earnings per share would have been as follows:

Range of Exercise Prices	Number of Options Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
\$11.02-\$28.13	1,878,719	4.8	\$25.81	1,608,846	\$25.42
29.06-38.44	3,403,632	6.4	34.62	2,954,932	34.04
40.08-52.56	4,799,154	9.0	46.81	951,898	46.61
	10,081,505	7.4	\$38.78	5,515,676	\$33.70

The above does not take into consideration pro forma compensation expense relating to grants made before 1995.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes model with the following assumptions:

	1997	1998	1999
Net Income	\$ 314	\$ 522	\$ 502
Basic EPS	1.93	3.16	3.03
Diluted EPS	1.91	3.13	3.01

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

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

	1997	1998	1999
Risk-free interest rate	6.1 - 6.2%	4.24 - 5.52%	5.82%
Dividend yield	2.6%	2.21 - 2.87%	2.73%
Expected life	5.3 years	5.4 years	5.4 years
Stock price volatility	19.6 - 21.3%	30.1 - 33.7%	38.6%

  

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 1996	75,000	\$27.76
Granted - 1997	24,000	31.81
Outstanding at December 31, 1997	99,000	\$28.74
Granted - 1998	24,000	60.09
Exercised - 1998	(3,000)	24.25
Outstanding at December 31, 1998	120,000	\$35.12
Granted - 1999	21,000	50.25
Exercised - 1999	(3,000)	24.25
Outstanding at December 31, 1999	138,000	\$37.66

At December 31, 1999, 127,000 shares were available for future grants.

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Range of Exercise Prices	Number of Options Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
\$24.25-\$32.25	93,000	5.7	\$29.03	93,000	\$29.03
50.25-60.09	45,000	8.8	55.50	24,000	60.09
	138,000	6.7	\$37.66	117,000	\$35.40

The non-employee directors of Echlin participated in the 1996 Non-Executive Director Stock Option Plan under which options for 232,325 shares were authorized for issuance. Options were granted at market value at the date of grant, were exercisable after one year and expire ten years from the date of grant, except in the event of the retirement or death of the director. During 1997, options were granted to purchase 25,091 shares at \$37.93 per share; no options were exercised or cancelled. During 1998, options to purchase 17,654 shares were exercised at \$33.49. During 1999, options to purchase 39,265 shares were exercised at \$35.43. At December 31, 1999, there were 38,752 options outstanding and exercisable at exercise prices ranging from \$33.49 to \$37.93 per share with a weighted average exercise price of \$34.40. The weighted average remaining contractual life of these options was 7.2 years. No future grants are expected under this plan.

**Note 10. Employees' Stock Purchase Plan**

The majority of our full-time U.S. and some of our non-U.S. employees are eligible to participate in our stock purchase plan. Plan participants can authorize us to withhold up to 15% of their earnings and deposit this amount with an independent custodian. The custodian uses the funds to purchase our common stock at current market prices. As record keeper for the plan, we allocate the purchased shares to the participants' accounts. Shares are distributed to the participants on request.

We match up to 50% of the participants' contributions over a five-year period beginning with the year the amounts are withheld. If a participant withdraws any shares before the end of five years, the amount of our match will depend on how long the shares were in the account. The custodian purchased 947,950 shares in 1997, 874,272 shares in 1998 and 1,177,541 shares in 1999. The charge to expense for our match was \$7 in 1997, \$9 in 1998 and \$10 in 1999.

**Note 11. Additional Compensation Plans**

We have numerous additional compensation plans under which we pay our employees for increased productivity and improved performance. These include gain sharing and group incentive plans. We expensed \$135 in 1997, \$119 in 1998 and \$147 in 1999 for amounts earned by employees under these plans.

One such plan is our Additional Compensation Plan for certain officers and other key employees. Under this plan, a percentage of the participants' compensation is accrued for additional compensation if we attain certain profit levels. The Compensation Committee selects the participants and determines whether to pay the awards immediately in cash or to defer them for payment later in cash, stock or a combination of both.

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

We also have a Restricted Stock Plan under which the Compensation Committee grants restricted common shares to certain key employees. The shares are subject to forfeiture until the restrictions lapse or terminate. Generally, the employee must remain employed with us for a specified number of years after the date of grant to receive shares. There were 47,245 shares granted in 1997, 55,100 shares in 1998 and 102,500 shares in 1999. Since 1997, participants have been able to convert their restricted stock into restricted stock units under certain conditions. The units are payable in unrestricted stock upon retirement or termination of employment. There were 27,491 restricted shares converted to restricted units in 1997 and 200,037 in 1999. Charges to expense for this plan were \$1 in 1997, \$1 in 1998 and \$2 in 1999. There are 678,389 shares authorized for future issuance under the plan at December 31, 1999.

**Notes to Financial Statements**

in millions except share and per share amounts

**Note 12. Pension and Other Postretirement Benefits**

We provide defined contribution and defined benefit, qualified and nonqualified, pension plans for certain employees. We also provide other postretirement benefits including medical and life insurance for certain employees upon retirement.

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, 1999, statements of the funded status and schedules of the net amounts recognized in the balance sheet at December 31, 1998 and 1999:

	1997	1998	1999
Awarded to participants based on preceding year's performance	\$ 11	\$ 14	\$ 14
Dividends and interest credited to participants' accounts	1	1	4
Charges to expense	20	9	19
Shares issued to participants	7,074	1,143	3,721

Benefit obligations of the U.S. non-qualified and certain non-U.S. pension plans, amounting to \$84 at December 31, 1999, and the other postretirement benefit plans are not funded.

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

Pension Benefits		Other Benefits	
1998	1999	1998	1999

Reconciliation of benefit obligation				
Obligation at January 1	\$2,257	\$2,382	\$ 992	\$ 1,083
Service cost	71	78	18	18
Interest cost	153	153	79	69
Employee contributions	2	4	4	4
Plan amendments	18	20	2	(28)
Actuarial (gain) loss	78	(41)	63	48
Benefit payments	(178)	(162)	(68)	(78)
Settlement, curtailment and terminations	(22)		(15)	18
Acquisitions and divestitures	6	(5)		23
Translation adjustments	(3)	(4)	(1)	1
Obligation at December 31	\$2,382	\$2,425	\$ 1,083	\$ 1,140
Reconciliation of fair value of plan assets				
Fair value at January 1	\$2,507	\$2,703		
Actual return on plan assets	326	284		
Acquisitions and divestitures	9	58		
Employer contributions	50	36		
Employee contributions	3	4		
Benefit payments	(167)	(158)		
Settlements	(18)			
Translation adjustments	(7)	4		
Fair value at December 31	\$2,703	\$2,931		
Funded Status				
Balance at December 31	\$ 321	\$ 506	\$ (1,083)	\$ (1,140)
Unrecognized transition obligation	6	1		
Unrecognized prior service cost	72	82	(31)	(29)
Unrecognized (gain) loss	(409)	(581)	211	254
Accrued cost	\$ (10)	\$ 8	\$ (903)	\$ (915)
Amounts recognized in the balance sheet consist of:				
Prepaid benefit cost	\$ 117	\$ 129		
Accrued benefit liability	(153)	(150)	\$ (903)	\$ (915)
Intangible assets	7	8		
Accumulated other comprehensive loss	19	21		
Net amount recognized	\$ (10)	\$ 8	\$ (903)	\$ (915)

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

	Pension Benefits			Other Benefits		
	1997	1998	1999	1997	1998	1999
Service cost	\$ 61	\$ 71	\$ 78	\$14	\$ 18	\$18
Interest cost	149	153	153	67	70	67
Expected return on plan assets	(190)	(181)	(219)			
Amortization of transition obligation	3	4	3			
Amortization of prior service cost	16	16	23	(9)	(9)	(9)
Recognized net actuarial (gain) loss	18	(8)	5		5	5
Net periodic benefit cost	57	55	43	72	84	81
Curtailment (gain) loss	3	4		(9)	(19)	
Settlement gain		(3)				
Termination expenses	1	2				
Net periodic benefit cost after curtailments and settlements	\$ 61	\$ 58	\$ 43	\$63	\$ 65	\$81

U.S. Plans

	1997	1998	1999
Discount rate	7 - 8%	6.75%	7.25%
Expected return on plan assets	8.75 - 10%	8.75%	9.25%
Rate of compensation increase	4.31 - 5%	4.31 - 5%	4.31 - 5%

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[DANA LOGO]

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

	Non-U.S. Plans		
	1997	1998	1999
Discount rate	5 - 8.5%	5 - 8%	5.5 - 7%
Expected return on plan assets	7.5 - 9%	7.25 - 9%	6.5 - 9%
Rate of compensation increase	2.5 - 7.5%	3.5 - 5%	3 - 5%

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 1999:

	1997	1998	1999
Discount rate	7%	6.75%	7.25%
Initial weighted health care costs trend rate	7.8%	7.5%	7.2%
Ultimate health care costs trend rate	5%	5%	5%
Years to ultimate	11	10	9

Note 13. Business Segments

Our operations are organized into seven market-focused Strategic Business Units (SBUs). This structure allows our people in each of these areas to focus their resources to benefit Dana and our global customers. At the end of 1999 we redefined our SBUs. The Industrial Systems Group (ISG) was eliminated and portions of it and of the Engine Systems Group were combined to form the Fluid Systems Group. The segment information has been restated to reflect this change.

The Automotive Systems Group (ASG) designs, develops and manufactures "under the vehicle" products for passenger cars and light trucks. Its global, full-service engineering provides its customers with complete modules and systems. In the automotive market, the group is a leader in axles, constant velocity joints and driveshafts, chassis and structural components and modules and full Rolling Chassis(TM) systems.

The Automotive Aftermarket Group (AAG) provides more than 300,000 different parts to cover a vast array of aftermarket needs for brake and chassis products, filtration products and engine systems.

The Heavy Truck Group (HTG) serves the global market for class 5 through 8 trucks. Products include heavy axles and brakes, drivetrain components, power take-offs, trailer products and heavy systems modular assemblies.

The Engine Systems Group (ESG) provides its customers with complete engine systems for their sealing and power cylinder needs. Its products include gaskets and other sealing products, piston rings, bearings, liners and camshafts.

The Fluid Systems Group (FSG) manufactures an extensive line of products focused on the pumping, routing and thermal management of fluid systems for a wide range of applications, from passenger cars to heavy trucks and off-highway vehicles. Products include an extensive line of rubber hose, fluid products and fluid management systems.

The Off-Highway Systems Group (OHS) manufactures and markets off-highway axles, powershift transmissions, transaxles, torque converters and electronic controls, as well as hydraulic valves, pumps, motors, filters and electronic components.

Dana Commercial Credit (DCC) provides leasing and financing services to a broad range of customers in selected markets around the world.

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*in millions except share and per share amounts*

Note 13. Business Segments (Continued)

Management evaluates the operating segments and regions as if DCC were accounted for on the equity method of accounting. Information used to evaluate the SBUs and regions is as follows:

	1% Point Increase	1% Point Decrease
Effect on total of service and interest cost components	\$ 7	\$ (6)
Effect on postretirement benefit obligations	90	(76)

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[DANA LOGO]

With the exception of DCC, operating profit after taxes (PAT) represents earnings before interest and taxes (EBIT), tax effected at 39% (our estimated long-term effective rate), plus equity in earnings of affiliates. The Other category includes discontinued businesses, trailing liabilities for closed plants, SBU and regional administrative expenses, interest expense net of interest income, corporate expenses and adjustments to reflect the actual effective tax rate. In arriving at net profit from operating PAT, expenses relating to a specific SBU or region are allocated directly. Other allocations are based on sales.

Net assets at the SBU and regional level is intended to correlate with invested capital. It includes accounts receivable, inventories (on a first-in, first-out basis), net property, plant and equipment, investments in affiliates, goodwill, trade accounts payable and 2% of annualized sales as an assumption for cash and prepaid expense.

DCC is evaluated based upon numerous criteria of which net profit and net assets (equity investment) shown above are the major items.

Restructuring and nonrecurring items consist of the restructuring and integration charges discussed in Note 20, gains on sales of business discussed in Note 19 and other nonrecurring charges.

Sales by region are based upon location of the entity recording the sale. Sales from the U.S. amounted to \$8,413 in 1997, \$8,784 in 1998 and \$9,413 in 1999. No other country's sales exceeded 10% of total sales. U.S. long-lived assets were \$1,485 in 1997, \$1,713 in 1998 and \$1,835 in 1999. No other country's long-lived assets exceeded 10% of total long-lived assets.

Net operating assets differ from consolidated assets as follows:

1997	Sales	Operating PAT	Net Profit	Net Assets	Capital Spend	Depreciation/ Amortization
ASG	\$ 3,882	\$ 302	\$ 242	\$1,627	\$234	\$ 121
AAG	2,727	99	51	1,731	77	71
HTG	925	49	30	249	18	13
ESG	967	49	35	819	57	41
FSG	1,171	65	50	745	60	45
OHS	867	38	26	588	36	40
DCC	31	31	139	—	—	—
Other	1,372	(164)	4	303	43	50
Total operations	11,911	469	469	6,201	525	381
Restructuring and nonrecurring items	—	(149)	(149)	—	—	—
Consolidated	\$11,911	\$ 320	\$ 320	\$6,201	\$525	\$ 381
North America	\$ 9,101	\$ 518	\$ 408	\$4,396	\$309	\$ 243
Europe	1,832	35	11	1,167	126	80
South America	734	50	39	646	59	44

Asia Pacific	244	11	3	148	15	10
DCC		31	31	139		
Other		(176)	(23)	(295)	16	4
Total operations	11,911	469	469	6,201	525	381
Restructuring and nonrecurring items		(149)	(149)			
Consolidated	\$11,911	\$ 320	\$ 320	\$6,201	\$525	\$ 381
<b>1998</b>						
ASG	\$ 4,185	\$ 325	\$ 260	\$1,823	\$221	\$ 131
AAG	2,826	133	86	1,748	86	66
HTG	1,746	194	73	654	42	36
ESG	1,035	47	33	1,222	65	54
FSG	1,173	75	60	766	56	48
OHSB	878	46	34	551	44	37
DCC		34	34	122		
Other	621	(173)	11	67	38	24
Total operations	12,464	591	591	6,953	552	396
Restructuring and nonrecurring items		(57)	(57)			
Consolidated	\$12,464	\$ 534	\$ 534	\$6,953	\$552	\$ 396
North America	\$ 9,657	\$ 642	\$ 520	\$4,862	\$341	\$ 260
Europe	1,844	66	37	1,355	116	86
South America	779	27	14	777	61	40
Asia Pacific	184	(5)	(12)	138	13	8
DCC		34	34	122		
Other		(173)	(2)	(301)	21	2
Total operations	12,464	591	591	6,953	552	396
Restructuring and nonrecurring items		(57)	(57)			
Consolidated	\$12,464	\$ 534	\$ 534	\$6,953	\$552	\$ 396
<b>1999</b>						
ASG	\$ 4,474	\$ 344	\$ 269	\$1,773	\$199	\$ 141
AAG	2,972	181	125	1,931	117	74
HTG	1,903	127	91	689	48	34
ESG	1,376	74	54	1,166	85	73
FSG	1,219	81	63	750	59	49
OHSB	797	33	21	542	31	36
DCC		34	34	145		
Other	418	(196)	21	244	17	22
Total operations	13,159	678	678	7,240	547	429
Restructuring and nonrecurring items		(165)	(165)			
Consolidated	\$13,159	\$ 513	\$ 513	\$7,240	\$547	\$ 429
North America	\$10,308	\$ 775	\$ 611	\$5,258	\$381	\$ 283
Europe	2,051	60	22	1,231	102	96
South America	549	13	3	581	48	37
Asia Pacific	251	(1)	(10)	143	13	9
DCC		34	34	145		
Other		(203)	18	(118)	3	4
Total operations	13,159	678	678	7,240	547	429
Restructuring and nonrecurring items		(165)	(165)			
Consolidated	\$13,159	\$ 513	\$ 513	\$7,240	\$547	\$ 429

The difference between operating capital spend and depreciation shown above and purchases of property, plant and equipment and depreciation shown on the cash flow statement represents the method of measuring DCC for operating purposes. DCC's capital spend and depreciation are not included above. In addition, DCC purchases equipment and leases the equipment to the other SBUs. These operating leases are included in the consolidated statements as purchases of assets and depreciated over their useful life.

Export sales from the U.S. to customers outside the U.S. amounted to \$766 in 1997, \$756 in 1998 and \$939 in 1999. Total export sales (including sales to our non-U.S. subsidiaries which are eliminated for financial statement presentation) were \$1,060 in 1997, \$1,001 in 1998 and \$1,229 in 1999.

Worldwide sales to Ford Motor Company and subsidiaries amounted to \$1,757 in 1997, \$1,911 in 1998 and \$2,130 in 1999, which represented 15%, 15% and 16% of our consolidated sales. Sales to DaimlerChrysler AG and subsidiaries were \$1,269 in 1997, \$1,602 in 1998 and \$1,777 in 1999 representing 11%, 13% and 14% of our consolidated sales. Sales to Ford were primarily from our ASG and FSG segments, while sales to DaimlerChrysler were primarily from the ASG and HTG segments. No other customer accounted for more than 10% of our consolidated sales.

#### Note 14. Estimated Income Taxes

Income tax expense (benefit) consists of the following components:

	1997	1998	1999
Net operating assets	\$6,201	\$ 6,953	\$ 7,240
Accounts payable	760	996	1,129
DCC's assets in excess of equity	1,697	1,330	1,902
Non-trade receivables and other current assets	633	629	655
Other long-term assets	220	230	197
Consolidated assets	\$9,511	\$10,138	\$11,123

Deferred tax benefits (liabilities) consist of the following:

	Year Ended December 31		
	1997	1998	1999
Current			
U.S. Federal	\$167	\$140	\$ 23
U.S. state and local	48	46	15
Non-U.S.	108	74	139
	323	260	177
Deferred			
U.S. Federal	17	43	120
Non-U.S.	(46)	12	(46)
	(29)	55	74
Total expense	\$294	\$315	\$251

Worldwide, we have operating loss carryforwards of approximately \$357 with remaining lives ranging from one year to an indefinite period. Valuation allowances are provided for deferred benefits if the realization of the benefits is uncertain. To reflect uncertainties related to utilization of specific loss carryforwards, we increased the valuation allowance by \$29 in

Notes to Financial Statements

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Note 14. Estimated Income Taxes (Continued)

1998 and \$24 in 1999. Net benefits recognized for loss carryforwards generally relate to the U.S., where we have traditionally been a taxpayer, and Germany and Brazil, where operating losses may be carried forward indefinitely.

Cumulative undistributed earnings of non-U.S. subsidiaries for which U.S. income taxes, exclusive of foreign tax credits, have not been provided approximated \$883 at December 31, 1999. U.S. income taxes have not been provided on these undistributed earnings since we intend to permanently reinvest them. If the total undistributed earnings of non-U.S. subsidiaries had been remitted in 1999, a significant amount of the additional tax provision would have been offset by foreign tax credits.

We paid income taxes of \$265 in 1997, \$228 in 1998 and \$136 in 1999.

The effective income tax rate differs from the U.S. Federal income tax rate for the following reasons:

	1997	December 31 1998	1999
Postretirement benefits other than pensions	\$ 351	\$ 386	\$ 387
Postemployment benefits	55	38	38
Expense accruals	199	144	150
Inventory reserves	42	28	35
Net operating loss carryforwards	46	123	117
Valuation allowances	(39)	(59)	(83)
Other employee benefits	6	16	24
Other	59	30	63
Deferred tax benefits	728	706	731
Depreciation - non-leasing	(195)	(179)	(215)
Leasing activities	(358)	(383)	(441)
Pension accruals	(27)	(23)	(15)
Other	(8)	(11)	(17)
Deferred tax liabilities	(588)	(596)	(688)
Net deferred tax benefits	\$ 140	\$ 110	\$ 43

Note 15. Composition Of Certain Balance Sheet Amounts

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

	Year Ended December 31		
	1997	1998	1999
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	4.5	3.6	2.1
Non-U.S. income	8.1	(1.1)	(.7)
Capital loss utilization	(.9)		
General business tax credits	(.3)	(.4)	(1.9)
Amortization of goodwill	3.6	.5	.6
Miscellaneous items	(1.4)	.9	(1.0)
Effective income tax rate	48.6%	38.5%	34.1%

	December 31	
	1998	1999
<b>Investments and Other Assets</b>		
Goodwill	\$1,064	\$ 997
Investments at equity	304	429
Marketable securities, cost of \$55 - 1998 and \$46 - 1999	58	49
Loans receivable	33	103
Other	186	280
	\$1,645	\$1,858
<b>Property, Plant and Equipment, net</b>		
Land and improvements to land	\$ 164	\$ 159
Buildings and building fixtures	1,123	1,202
Machinery and equipment	4,479	4,820
	5,766	6,181
Less: Accumulated depreciation	2,462	2,731
	\$3,304	\$3,450
<b>Deferred Employee Benefits and Other Noncurrent Liabilities</b>		
Postretirement other than pension	\$ 839	\$ 839
Deferred income tax	137	160
Pension	92	40
Postemployment	82	82
Compensation	51	68
Other noncurrent liabilities	136	209
	\$1,337	\$1,398

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

	December 31	
	1998	1999
<b>Investment in Leases</b>		
Direct financing leases	\$118	\$ 173
Leveraged leases	793	816
Property on operating leases, net of accumulated depreciation	81	87
Allowance for credit losses	(33)	(41)

Less: Current portion	869	1,035
	17	21
	\$852	\$1,014

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

	December 31	
	1998	1999
Total minimum lease payments	\$138	\$201
Residual values	35	43
Deferred initial direct costs	2	2
	175	246
Less: Unearned income	57	73
	\$118	\$173

Total minimum lease payments receivable on direct financing leases as of December 31, 1999 are as follows:

	December 31	
	1998	1999
Rentals receivable	\$ 5,465	\$ 7,218
Residual values	755	788
Nonrecourse debt service	(4,627)	(6,036)
Unearned income	(879)	(1,143)
Deferred investment tax credit	(11)	(11)
	783	816
Less: Deferred taxes arising from leveraged leases	338	355
	\$ 365	\$ 461

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[DANA LOGO]

#### Note 16. Fair Value Of Financial Instruments

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

Year Ending December 31:		
2000		\$ 34
2001		32
2002		29
2003		27
2004		24
Later years		55
Total minimum lease payments receivable		\$201

#### Note 17. Commitments and Contingencies

At December 31, 1999, we had purchase commitments for property, plant and equipment of approximately \$170. Future minimum rental commitments under operating leases were \$359 at December 31, 1999, with rental payments during the next five years of: 2000, \$72; 2001, \$59; 2002, \$49; 2003, \$42 and 2004, \$36. Net rental expense was \$116 in 1997, \$119 in 1998 and \$117 in 1999.

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 various environmental laws. We have reviewed the proceedings that are currently pending including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage and our established reserves for uninsured liabilities. We do not believe that any liabilities that may result from these proceedings are reasonably likely to have a material effect on our liquidity, financial condition or results of operations.

#### Note 18. Acquisitions

In 1997, we acquired the piston ring and cylinder liner operations of SPX Corporation (SPD), the assets of Clark-Hurth Components (CH) from Ingersoll-Rand, the North American Aftermarket division of ITT Automotive (ITT), the Brazilian engine components business of Industria e Comercio Brosol Ltda. (Brosol), a 75% share of Wix Filtron Sp.zo.o and 50% of the shares of Estampados Argentina S.A. (EASA), bringing our effective ownership in this affiliate to 85%. SPD manufactures and sells piston rings and cylinder liners primarily for internal combustion engines. CH manufactures and sells transmissions and axles for use in off-highway vehicles and equipment.

ITT manufactures and distributes motor vehicle brake system parts. Brosol produces motor-vehicle fuel system parts. Wix Filtron is a Polish manufacturer of filtration products and EASA is an Argentine manufacturer of heavy-duty structural components.

These acquisitions were accounted for as purchases and the results of their operations have been included in the consolidated financial statements since the dates of acquisition. Sales in 1997 were \$704 higher than 1996 as a result of acquisitions and total assets of companies acquired in 1997 amounted to \$819.

In 1998, we acquired the heavy axle and brake business of Eaton Corporation; General Automotive Specialty Company, Inc. (GAS); a 98-percent share of the capital of Nakata S.A. Industria e Comercio (Nakata); full ownership of SIMESC-Parish, our Brazilian structural components manufacturing company; the

Glacier Vandervell Bearings Group and the AE Clevite North American non-bearing aftermarket engine hard parts business. GAS manufactures motor switches and locks. SIMESC-Parish, which has been renamed Dana Parish Produtos Estruturais, S.A., produces a range of structural products, including full frames and heavy-truck side rails. Nakata and its subsidiaries are the leading Brazilian manufacturers of suspension components, such as tie rods and ball joints. Glacier Vandervell produces and distributes products used in passenger car and light-duty vehicle applications for both original equipment manufacturers and the aftermarket. The AE Clevite business includes products such as camshafts, valves and other valvetrain, timing and cylinder components.

These acquisitions were accounted for as purchases and the results of their operations have been included in the consolidated financial statements since the dates of acquisition. Sales in 1998 were \$784 higher than 1997 as a result of acquisitions and total assets of companies acquired in 1998 amounted to \$980.

In July 1998 we completed the merger with Echlin Inc. by exchanging 59.6 million shares of our common stock for all of the common stock of Echlin. Each share of Echlin was exchanged for .9293 of one share of our common stock. In addition, the outstanding Echlin stock options were converted at the same exchange ratio into options to purchase approximately 1.8 million shares of our common stock.

The merger has been accounted for as a pooling of interests and all prior period consolidated financial statements have been restated to include the combined results of operations, financial position and cash flows of Echlin.

In 1999, we acquired Innovative Manufacturing, Inc., a machining operation that supplies machined castings to our Outdoor Power Equipment Components Division. We also acquired the remaining interests not previously owned in Industrias Serva S.A. (30%), Dana Heavy Axle Mexico S.A. de C.V. (9%), Automotive Motion Technology Limited (49%) and Echlin Charger Mfg. Co. Pty. Ltd. (8%). These acquisitions have been accounted for as purchases and the results of operations and earnings previously allocated to minority owners have been included from the dates of acquisition. The sales and total assets were not material.

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## Notes to Financial Statements

*dollars in millions*

### Note 19. Divestitures

In March 1997, we completed the sale of our automotive warehouse distribution business in the United Kingdom, the Netherlands and Portugal. In August 1997, we sold our worldwide vehicular clutch operations and our Preferred Plastic Sheet Division. In September 1997, the automotive transmission operations were sold to a subsidiary of our 49%-owned Mexican affiliate, Spicer S.A. de C.V., and the sale of Ace Electric, a producer of starting and charging parts for engine systems, was completed. In October 1997, we sold our flat rubber products operations. In November 1997, we completed the sales of our 49% interest in Korea Spicer Corporation and the assets of automotive parts distributors Echlin Australia Pty. Ltd. and WAWD-EAP. In December 1997, as part of the rationalization plan announced in the first quarter, we completed the sale of our automotive warehouse distribution operation in France. Net gains recorded on these sales totaled \$147. These operations contributed sales of \$385 through the dates of divestiture in 1997.

In February 1998, we completed the sale of our hydraulic brake hose facilities in Columbia City, Ind. and Garching, Germany. In April 1998, we sold our Midland-Grau heavy-duty brake operations. In June 1998, we completed the sale of our hydraulic cylinder business. In December 1998, DCC completed the sale of its Technology Leasing Group portfolio resulting in an after-tax gain of \$76. These operations contributed sales of \$471 in 1997; through the dates of divestiture, 1998 sales for these operations totaled \$140.

In October 1999, we sold the Coldform operations of our Engine Systems Group and in November we sold Sierra International Inc. Coldform manufactured starter components, steering hubs and suspension components and Sierra manufactured and distributed marine and power equipment engine, drive and hose products. Annual sales of these operations were approximately \$50.

### Note 20. Restructuring of Operations

We initiated various restructuring plans in 1997. The cost of these plans included a charge of \$254 at former Echlin facilities. This charge related to facility realignments and rationalizations associated with closing or consolidating 14 locations, writing down to net realizable value the assets of six operations to be divested, writing off goodwill that had no future value and writing down certain joint venture investments in Europe and Asia. The estimated workforce reduction was 1,215 people. Other charges taken included \$36 to initiate a rationalization plan at our Perfect Circle Europe operations, resulting in a workforce reduction of 368 people; \$39 relating to rationalizing our Reading, Pa. structural components plant, with an expected workforce reduction of 1,140 people; \$20 to reduce deferred income tax benefits that we had expected to realize from operating losses in France; \$14 relating to the closure of our Vimercate, Italy plant, with an anticipated workforce reduction of 120 people; and \$54 relating to downsizing or closing various facilities and exiting several unprofitable lines of business, with an estimated workforce reduction of 440 people. Of the \$417 outlined above, \$59 was charged to cost of sales, \$30 to income tax expense and \$328 to restructuring.

In the fourth quarter of 1998, we finalized our synergy plans for integrating the operations of Echlin into our businesses and recorded restructuring and integration charges of \$138. Of this amount \$118 was charged to restructuring and \$20, for writing down inventory, was charged to cost of sales. The announced restructuring and integration plans include the closing of eight facilities (seven in the AAG and one in the ESG) which will result in a workforce reduction of approximately 2,450 people.

During 1999, we continued executing the Echlin restructuring plan announced in 1998, including the closing and downsizing of facilities begun in 1998. We also incurred integration charges of \$51 for relocating assets, training and relocating employees and other integration activities at the acquired operations. These costs were charged to expense as incurred.

During the fourth quarter of 1999, we announced plans to downsize and close additional operations in the U.S., South America and Europe and recorded restructuring and integration charges totaling \$170. The charges include the costs of exiting businesses, asset impairments and termination benefits. The announced restructuring and integration plans include closing five facilities, downsizing three facilities and terminating 1,280 people. The largest component of these plans is the downsizing of our Reading, Pa. structures facility. In total, \$229 million was charged to income during the year. This amount consisted of \$181 charged to restructuring and integration, \$57 charged to cost of sales and a \$9 gain on the sale of Sierra credited to other income.

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[DANA LOGO]

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

	December 31			
	1998		1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	\$ 230	\$ 230	\$ 111	\$ 111
Loans receivable (net)	117	119	184	180
Investment securities	73	73	67	67
Financial liabilities				
Short-term debt	1,321	1,321	968	968
Long-term debt	2,100	2,286	3,198	3,101
Security deposits - leases	6	5	4	3
Deferred funding commitments under leveraged leases	4	4	4	3
Unrecognized financial instruments, net		(10)		(4)

Employee terminations relating to the plans were as follows:

	Impairment						Total
	Employee Termination Benefits	Long-Lived Assets	Investments in Operations To be Sold	Write-Down of Goodwill and Intangibles	Exit Costs	Integration Expenses	
Charged to expense in 1997	\$ 96	\$ 41	\$102	\$ 89	\$ -	\$ -	\$ 328
Activity during the year							
Cash payments	(8)						(8)
Write-off of assets		(11)	(40)	(89)			(140)
Balance at December 31, 1997	88	30	62	-	-	-	180
Activity during the year							
Charged to expense	65	40			13		118
Cash payments	(37)				(2)		(39)
Write-off of assets		(70)	(62)				(132)
Balance at December 31, 1998	116	-	-	-	11	-	127
Activity during the year							
Charged to expense	60	59			11	51	181
Cash payments	(85)				(9)	(51)	(145)
Write-off of assets		(59)					(59)
Balance at December 31, 1999	\$ 91	\$ -	\$ -	\$ -	\$13	\$ -	\$ 104

At December 31, 1999, \$104 of restructuring charges remained in accrued liabilities. This balance was comprised of \$91 for the reduction of approximately 2,020 employees to be completed in 2000 and \$13 for lease terminations and other exit costs. The estimated annual cash expenditures will be approximately \$54 in 2000, \$34 in 2001 and \$16 thereafter. Our liquidity and cash flows will not be materially impacted by these actions. It is anticipated that our operations over the long term will benefit from these realignment strategies.

#### Note 21. Noncash Investing and Financing Activities

In leveraged leases, the issuance of nonrecourse debt financing and subsequent repayments thereof are transacted directly between the lessees and the lending parties to the transactions. Nonrecourse debt issued to finance leveraged leases was \$389 in 1997, \$225 in 1998 and \$878 in 1999. Nonrecourse debt obligations repaid were \$158 in 1997, \$182 in 1998 and \$273 in 1999.

In 1997, in addition to cash contributions, 1,000,000 shares of Dana common stock, with a market value of \$32, were contributed to the Dana Corporation Pension Plans Trust.

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#### Management's Discussion and Analysis of Financial Condition and Results of Operations

dollars in millions, except per share amounts

In 1999, our focus was on integrating our newly acquired businesses and rationalizing our global operations. These efforts included implementing the restructuring plans announced in December 1998 and identifying non-strategic and under-performing operations. Over a period of several months we announced plans to divest operations with annual sales approximating \$850. As we entered the fourth quarter, it became apparent that we needed to evaluate our global

capacity in certain product areas. This evaluation resulted in further rationalization charges being recorded in December 1999.

## Liquidity and Capital Resources

Operating activities provided net cash of \$608 in 1999 compared to \$795 in the previous year. Net income adjusted for depreciation and amortization was marginally higher in 1999. We discontinued our accounts receivable financing program this year, adding \$200 to working capital. This change, combined with an inventory increase of \$183 and a further increase in accounts receivable due to higher fourth quarter sales, more than offset the increase in accounts payable and other operating liabilities.

Investing activities in 1999 used net cash of \$1,101, a 50% increase over 1998. Capital spending exceeded \$800, reflecting the investment in our core product capacity and enterprise computer systems. Also included were investments in our regional distribution facilities, a major component of our plan to realize savings through the realignment of our aftermarket distribution system. Due in part to the divestiture of DCC's small-ticket leasing business in 1998, we saw a \$66 decrease in the purchases of assets to be leased. This was offset by increases in DCC's lending (\$67) and other investment activities (\$38).

	1997	1998	1999
Total estimated	3,282	2,450	1,280
Less terminated:			
1997	(711)		
1998	(2,292)		
1999	(117)	(1,123)	(595)
Estimated adjustments	(150)		
Balance at December 31, 1999	12	1,327	685

We recorded net proceeds of \$210 in 1998 related to acquisition and divestiture activities. The 1999 impact was less than \$20; however, several of the divestitures pending at the end of 1999 are expected to close in the first quarter of 2000.

Financing activities in 1999 generated net cash of \$374. We issued notes totaling \$1,000 in March 1999 and used a portion of the proceeds to pay down both short-term debt, including the bridge financing on the Glacier Vandervell and AE Clevite acquisition, and medium-term debt. We also spent \$100 to repurchase approximately three million shares of our stock as part of a program approved by our directors in April 1999 which authorizes spending up to \$350 to repurchase stock through October 19, 2000. This authorization was increased to \$600 and extended through December 31, 2000 by our board at its February 2000 meeting.

Dividend payments increased to \$206 in 1999 as the annualized rate increased 9% to \$1.24 per share. Total dividends paid rose only 4%, however, as the 1998 amount includes dividends paid by Echlin prior to the merger.

Committed and uncommitted bank lines enable us to issue commercial paper and make direct bank borrowings. We have committed and uncommitted bank lines totaling \$1,412; DCC has separate lines totaling \$951. Based on our 1999 budgeting process, we expect our cash flows from operations, combined with these credit facilities, to provide sufficient liquidity to fund our debt service obligations and projected working capital requirements, capital spending and potential acquisitions for the foreseeable future.

We have reviewed the liabilities that may result from legal proceedings (including those involving product liability claims and alleged violations of environmental laws) to which we were a party as of December 31, 1999. We do not believe that these liabilities or the related cash flows are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations. Contingent environmental and product liabilities were estimated based on the most probable method of remediation or outcome, current laws and regulations and existing technology. Estimates were made on an undiscounted basis and exclude the effects of inflation. If there was a range of equally probable remediation methods or outcomes, we accrued at the lower end of the range. At December 31, 1999:

[GRAPH]

### Capital Spending

'97	\$579
'98	\$661
'99	\$807

Dana's capital spending increased 22 percent in 1999.

We increased our product liability and the related amounts recorded for probable recoveries due to new asbestos bodily injury claims that have been made against us since the United States Supreme Court rejected a class action settlement to which we were a party and ended an injunction on the filing of new claims. These new claims are being administered by the Center for Claims Resolution, an outside service which has been handling similar claims for us for some time, in accordance with group settlement agreements in which we participate.

## Restructuring and Integration Expenses

We initiated various restructuring plans in 1997. The cost of these plans included a charge of \$254 at former Echlin facilities. This charge related to facility realignments and rationalizations associated with closing or consolidating 14 locations, writing down to net realizable value the assets of

six operations to be divested, writing off goodwill that had no future value and writing down certain joint venture investments in Europe and Asia. The estimated workforce reduction was 1,215 people. Other charges taken included \$36 to initiate a rationalization plan at our Perfect Circle Europe operations, resulting in a workforce reduction of 368 people; \$39 relating to rationalizing our Reading, Pa. structural components plant, with an expected workforce reduction of 1,140 people; \$20 to reduce deferred income tax benefits that we had expected to realize from operating losses in France; \$14 relating to the closure of our Vimercate, Italy plant, with an anticipated workforce reduction of 120 people; and \$54 relating to downsizing or closing various facilities and exiting several unprofitable lines of business, with an estimated workforce reduction of 440 people. Of the \$417 outlined above, \$59 was charged to cost of sales, \$30 to income tax expense and \$328 to restructuring.

In the fourth quarter of 1998, we finalized our synergy plans for integrating the operations of Echlin into our businesses and recorded restructuring and integration charges of \$138. Of this amount, \$118 was charged to restructuring and \$20, for writing down inventory, was charged to cost of sales. The announced restructuring and integration plans include the closing of eight facilities (seven in the Automotive Aftermarket Group and one in the Engine Systems Group) which will result in a workforce reduction of approximately 2,450 people.

During 1999, we continued executing the Echlin restructuring plan announced in 1998, including the closing and downsizing of facilities begun in 1998. We also incurred integration charges of \$51 for relocating assets, training and relocating employees and other integration activities at the acquired operations. These costs were charged to expense as incurred.

During the fourth quarter of 1999, we announced plans to downsize and close additional operations in the U.S., South America and Europe and recorded restructuring and integration charges totaling \$170. The charges include the costs of exiting businesses, asset impairments and termination benefits. The announced restructuring and integration plans include closing five facilities, downsizing three facilities and terminating 1,280 people. The largest component of these plans is the downsizing of our Reading, Pa. structures facility. In total, \$229 million was charged to income during the year for net nonrecurring items. This amount consisted of \$181 charged to restructuring and integration, \$57 charged to cost of sales and a \$9 gain on the sale of Sierra credited to other income.

The following summarizes the restructuring charges and activity for the last three years:

- \$96 was accrued for contingent product liability costs and \$45 for contingent environmental liability costs, compared to \$38 and \$57 in 1998, respectively.
- \$65 was recorded (as assets) for probable recoveries from insurance or third parties for product liability claims and \$1 for environmental liability claims, compared to \$17 and \$1 in 1998.
- The difference between the minimum and maximum estimates for contingent liabilities was \$12 for product liability claims and \$3 for environmental liability claims, compared to \$15 and \$2 in 1998. These differences are not considered material.

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## Management's Discussion and Analysis of Financial Condition and Results of

### Operations

dollars in millions

Employee terminations relating to the plans were as follows:

	Employee Termination Benefits	Impairment		Write-Down of Goodwill and Intangibles	Exit Costs	Integration Expenses	Total
		Long-Lived Assets	Investments in Operations To be Sold				
Charged to expense in 1997	\$ 96	\$ 41	\$102	\$ 89	\$ -	\$ -	\$ 328
Activity during the year							(8)
Cash payments	(8)						(140)
Write-off of assets		(11)	(40)	(89)			
Balance at December 31, 1997	88	30	62	-	-	-	180
Activity during the year							
Charged to expense	65	40			13		118
Cash payments	(37)				(2)		(39)
Write-off of assets		(70)	(62)				(132)
Balance at December 31, 1998	116	-	-	-	11	-	127
Activity during the year							
Charged to expense	60	59			11	51	181
Cash payments	(85)				(9)	(51)	(145)
Write-off of assets		(59)					(59)
Balance at December 31, 1999	\$ 91	\$ -	\$ -	\$ -	\$13	\$ -	\$ 104

At December 31, 1999, \$104 of restructuring charges remained in accrued liabilities. This balance was comprised of \$91 for the reduction of approximately 2,020 employees to be completed in 2000 and \$13 for lease terminations and other exit costs. The estimated annual cash expenditures will be approximately \$54 in 2000, \$34 in 2001 and \$16 thereafter. We expect our operations to benefit over the long term from these realignment strategies, which are not expected to materially affect liquidity and cash flows.

### Impact of the Year 2000

We did not experience any significant malfunctions or errors in our operating or business systems at the beginning of 2000. Based on operations since January 1, 2000 we do not expect any significant impact on our ongoing business as a result of the Year 2000 date formatting issues. However, it is possible that the full impact of the date change has not been fully recognized.

For example, Year 2000 or leap year problems could occur within billing, payroll or general ledger applications at the end of a month, a quarter or the year.

We believe that any such problems are likely to be minor and correctable. In addition, we could still experience problems if our customers or suppliers are adversely affected by Year 2000 issues, although we are not currently aware of any such problems.

We have spent approximately \$78 on our Year 2000 readiness efforts, which included assessment of our products and critical internal systems, as well as those of our major customers and suppliers, and development of contingency plans. Of this amount, \$56 was charged to expense and \$22 was capitalized. We expect that transition monitoring and related follow-up activities will cause an additional \$3 to be charged to expense in 2000.

As part of our contingency planning, we increased our inventory levels by \$27 in the fourth quarter of 1999. We expect this incremental inventory to be utilized or sold in the first quarter of 2000 without having a material effect on our margins.

#### Impact of the Euro Conversion

Our Euro Steering Committee was established in 1998 to guide our efforts to comply with the requirements of the Euro conversion. The committee established guidelines and timetables for compliance by the European facilities. Four facilities converted to the Euro in 1999 and seven more are converting at the beginning of 2000. The committee continues to monitor progress at the remaining operations. These operations are at different stages of readiness, but we believe that all of them are capable of complying with the conversion timetable and with customer requirements for quoting and billing in Euros. We have not incurred material costs to date nor do we expect the future cost of conversions to be material.

#### Results of Operations (1999 vs. 1998)

Our worldwide sales increased by \$695 in 1999 to \$13,159, nearly 6% above the record level of 1998. Organic growth accounted for \$359 or 3% while acquisitions, net of divestitures, added \$336. U.S. sales increased \$629 or 7% with \$122 attributable to acquisitions net of divestitures. Exports increased 24% to \$939 despite the increasing strength of the U.S. dollar.

	1997	1998	1999
Total estimated	3,282	2,450	1,280
Less terminated:			
1997	(711)		
1998	(2,292)		
1999	(117)	(1,123)	(595)
Estimated adjustments	(159)		
Balance at December 31, 1999	12	1,327	685

Overall sales outside of the U.S. increased 2% in 1999 but declined 4% when excluding the net effect of acquisitions and divestitures. The increased strength of the U.S. dollar had an adverse impact on sales in all regions except Asia Pacific. Mexico and Canada incurred a \$24 negative currency effect on a combined basis. Europe, which experienced an 11% net increase, benefited by \$194 from net acquisitions but gave back \$47 in negative currency impact. South America, struggling to recover from economic downturns in Brazil and Argentina, incurred a \$230 or 30% decrease in sales. The devaluation of the Brazilian real accounted for nearly all of the \$240 in sales lost to currency effects in this region. Asia Pacific increased sales by \$67 or 36% with currency changes contributing a \$5 increase.

[DANA]

Our Strategic Business Units (SBUs) - Automotive Systems Group (ASG), Automotive Aftermarket Group (AAG), Heavy Truck Group (HTG), Engine Systems Group (ESG), Fluid Systems Group (FSG) and Off-Highway Systems Group (OHS) - represent our business segments. The "Other" category represents facilities that have been closed or sold and operations not assigned to a specific SBU. At the end of 1999 we eliminated the Industrial Systems Group (ISG) and combined portions of it and of the ESG to form the FSG. Our segment information has been restated to reflect these changes.

Sales for 1998 and 1999 are presented in the table below. DCC, our seventh SBU, did not record sales in either year.

	1998	1999		% Change
North America	\$9,657	\$10,308	\$ 651	7
Europe	1,844	2,051	207	11
South America	779	549	(230)	(30)
Asia Pacific	184	251	67	36

The popularity of sport utility vehicles (SUVs) and light trucks continues to push ASG sales to higher levels. Axle sales experienced most of the growth in this SBU. Driveshaft sales were up slightly less than 3% and structural product sales were relatively flat. Sales growth was most significant in North America where sales increased \$354. Asia Pacific experienced a 72% increase and South America was down 34% for the year.

The December 1998 acquisition of AE Clevite, a distributor of camshafts, valves and engine components, helped the AAG grow its North American sales by \$133 in 1999. Our new filtration operation in the United Kingdom helped Europe register an 8% increase over 1998. Sales were down 10% in South America and 7% in Asia

The HTG continued to benefit from high build rates in medium to heavy trucks (class 5 through 8) in the United States. Heavy axle and brake operations led the way to a 12% sales increase in North America where nearly 94% of HTG's sales occur. Sales were flat in Asia Pacific, down 13% in Europe and down nearly 50% in South America.

The acquisition of Glacier Vandervell in December 1998 made the difference for the ESG in 1999. The manufacturer of engine bearings helped the ESG increase sales 22% in North America and 67% in Europe. Sales of the other engine and sealing products were generally flat for the year.

FSG, our newest SBU, transacts more than 80% of its business in North America, where strength in coolant systems carried it to a 4% sales increase in 1999. Sales increased 13% in Europe but declined 26% in South America.

OHSG had a challenging year. Sales decreased 11% in North America and 6% in Europe as the depressed agricultural market limited demand for off-highway axles, powershift transmissions, hydraulic pumps and auxiliary equipment.

Revenue from lease financing decreased 36% in 1999 due to the sale of DCC's Technology Leasing Group portfolio in December 1998. Other income in 1998 included a gain of \$126 on this divestiture and \$27 from the settlement of a lawsuit.

Our gross margin was 16.7% in 1999 compared to 16.2% in 1998. Cost of sales in 1999 was increased by a charge of \$57 related to impairment and other rationalization adjustments. In 1998 we charged \$20 of inventory adjustments to cost of sales. Excluding these nonrecurring items, the gross margins would have been 17.1% in 1999 and 16.3% in 1998.

Selling, general and administrative expenses (SG&A) increased only \$70 in 1999 despite \$83 of expenses at newly acquired businesses. SG&A at our manufacturing and distribution businesses (including newly acquired businesses) increased \$76. DCC realized net savings of \$8 with the reduction resulting from the December 1998 sale of its Technology Leasing Group portfolio being partially offset by expenses related to development of a new lease administration system. On a regional basis, North America increased \$25 with all of it attributable to the net effect of acquisitions and divestitures. Europe increased by \$78 including a net acquisition/divestiture impact of \$42. Currency devaluation in South America caused SG&A to decline by nearly \$28.

Operating income, which excludes restructuring and integration charges and the 1998 merger expenses, increased by \$110 in 1999. Acquisitions, net of divestitures, added \$31 and DCC contributed \$8. The vast majority of the improvement is based in North America as Europe improved a modest \$7 and South America decreased \$14. Excluding the nonrecurring items charged to cost of sales, operating margin would have increased from 7.3% in 1998 to 8.1% in 1999.

Interest expense was virtually unchanged in 1999. DCC lowered its borrowing costs following the divestiture of its small-ticket leasing operation but the manufacturing operations incurred greater interest charges due to a higher debt level.

## Management's Discussion and Analysis of Financial Condition and Results of Operations

dollars in millions

Our effective tax rate improved from 39% to 34% in 1999. State tax incentives played a significant role in the change as did general business credits realized by our leasing operations. Nondeductible merger expenses adversely affected the 1998 rate.

Minority interest increased by \$5 due to the minority interest acquired as part of the Glacier Vandervell acquisition and earnings improvement at Automotive Motion Technology Limited prior to our acquiring the remaining shares of that subsidiary.

Equity in earnings of affiliates rose \$3 or 8% including a \$16 decline in our Venezuelan affiliate, a \$13 increase in our Mexican affiliates and a \$7 increase related to our leasing partnerships.

Net income for 1999 came in at \$513, slipping 4% from the \$534 we earned in 1998. Both years include several items that make it difficult to compare these results. In 1998 we recorded \$57 of nonrecurring charges net of gains on divestitures and the settlement of a patent infringement case. This year we recorded \$165 of nonrecurring charges net of the gain on the sale of Sierra. With these items excluded from both years, our earnings would have increased \$87 or 15% to \$678.

The SBUs affected by the 1999 adjustments were ASG \$59, AAG \$41, ESG \$31, HTG \$3, FSG \$3, OHSG \$1 and Other \$27. In 1998, adverse adjustments were recorded by AAG \$45, ESG \$17, OHSG \$1 and Other \$50. DCC recorded a gain of \$56.

Sales of SUVs and light trucks, our biggest market, finally exceeded passenger car sales in 1999. We see continuing strength in SUVs, light trucks and passenger cars but expect volume to finish slightly lower for 2000. This outlook could be revised downward if gasoline prices adversely affect demand for these vehicles. In the medium and heavy truck markets we expect build rates to decline by as much as 10% after a couple years of record volume. From a regional viewpoint, our expectations are that North America will continue to be strong, Europe will experience very modest growth, South America will begin to show signs of recovery and Asia Pacific will have a very solid year for us.

#### Forward Looking Information

Forward-looking statements in this annual report are indicated by words such as "anticipates," "expects," "believes," "intends," "plans" and similar expressions. These statements represent our expectations based on current information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Our actual results could differ materially from those which are anticipated or projected due to a number of factors including changes in business relationships with major customers, competitive pressures on sales and pricing, increases in production or material costs that cannot be recouped in product pricing, significant increases in the price of gasoline, flattening of demand for SUVs and light, medium and heavy trucks, softening demand for off-highway agricultural and structural products, and continued economic weakness in Europe, South America and Asia Pacific.

#### Results of Operations (1998 vs. 1997)

Our worldwide sales increased \$553 in 1998 to a record \$12,464, nearly 5% above 1997. Excluding the effect of acquisitions and divestitures, sales increased \$428 or 4%. U.S. sales increased \$371 or 4% on the strength of the light truck and SUV markets and record build rates in medium and heavy trucks. Acquisitions net of divestitures accounted for \$95 of the increase. Exports from the U.S. were \$10 lower than 1997 at \$756.

	1998	1999	\$	% Change
ASG	\$4,185	\$4,474	\$ 289	7
AAG	2,826	2,972	146	5
HTG	1,746	1,903	157	9
ESG	1,035	1,376	341	33
FSG	1,173	1,219	46	4
OHSG	878	797	(81)	(9)
Other	621	418	(203)	(33)

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[DANA LOGO]

Sales outside the U.S. increased \$181 or 5%. Excluding the net effect of acquisitions and divestitures, these sales were up \$152 or 5%. Changes in currency rates had a \$180 adverse effect on reported sales. Mexico and Canada gave up nearly 9% of their 1998 sales as a result of the relative strength of the U.S. dollar. South American sales increased \$45 or 6% when the net effect of acquisitions and divestitures is included but declined 7% on a comparable basis. The weakening of the Brazilian real was a key factor in the region losing \$193 of sales due to currency exchange impact. In Europe, sales increased \$12 or 1% but would have decreased if not for a positive \$91 currency impact. As a result of depressed economic conditions, Asia Pacific lost \$60 or 25% in sales; \$3 was attributable to exchange rates.

Sales for 1997 and 1998 are represented in the table below. DCC, our seventh SBU, did not record sales in either year.

	1997	1998	%Change	%Change Excluding Acquisitions/Divestitures
North America	\$9,101	\$9,657	6	5
Europe	1,832	1,844	1	4
South America	734	779	6	(7)
Asia Pacific	244	184	(25)	(11)

ASG saw strong demand for light trucks, SUVs and passenger cars drive an 8% increase for the year. Growth in North America, which comprised 77% of this SBU's sales, was just under 7% for the year, while Europe was up 13% after benefiting from a new product launch. South America registered the biggest gain at 15% with modular and structural products leading the way. Asia Pacific was off 5% for the year.

AAG realized moderate growth, finishing 1998 about 5% above 1997. Leading the way in North America, which accounted for 84% of AAG's sales, were brake parts and electronic controls. Our new filter operation in Poland was a bright spot but Europe grew only 2%. South America declined 9% for the year.

HTG had excellent organic growth of 20% in North America as the heavy truck build rate reached a record level. The addition of the Eaton heavy axle and brake business as of the beginning of 1998 added an additional 77% of growth. The Eaton acquisition also accounted for the twelve-fold increase in sales in Europe and the 780% increase in South America. Sales in those regions were flat excluding acquisition impact.

ESG ended 1998 more than 7% ahead of 1997 as our piston ring and cylinder liner business performed well. Europe was up 15% on the strength of our sealing business and a late boost from our December acquisition of Glacier Vandervell. South America declined 23% with weakness in all products.

FSG benefited from a 9% improvement in its cooling systems business in North America but gave back an equal amount due to divestitures, finishing the year even with 1997. Sales in Europe were also flat. Only South America showed measurable

improvement with a 5% increase on the strength of its cooling systems business.

OHSG experienced a \$6 decline in North American sales, primarily the net result of the Clark-Hurth acquisition and a divestiture and a plant closing in our hydraulics business. Sales in Europe rose 5% on the inclusion of Clark-Hurth's European operations, net of the sale of our German hydraulics operation. South America lost \$4 or 15% due mainly to weakness in the hydraulics business.

Other income in 1998 decreased \$117 from a 1997 amount that included gains of \$261 from the sales of:

	1997	1998	% Change	% Change Excluding Acquisitions/Divestitures
ASG	\$3,882	\$4,185	8	6
AAG	2,727	2,826	4	3
HTG	925	1,746	89	18
ESG	967	1,035	7	1
FSG	1,171	1,173	-	-
OHSG	867	878	1	(4)
Other	1,372	621	(55)	(1)

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## Management's Discussion and Analysis of Financial Condition and Results of Operations

dollars in millions

In 1998, we won a judgment on a patent infringement case in the amount of \$27. DCC recorded a gain of \$126 on the sale of its Technology Leasing Group portfolio and charges of \$34 related to discontinued businesses in commuter aircraft and vehicle leasing.

Gross margin improved to 16.2% in 1998 compared to 15.5% for 1997. In 1997, we recorded a \$59 charge to cost of sales for inventory write-downs related to rationalized and discontinued product lines. A similar charge for \$20 affected gross margin in 1998. Excluding the nonrecurring charges in both years, gross margin would have been 16.3% in 1998 and 16.0% in 1997.

Selling, general and administrative expenses (SG&A) decreased \$30 in 1998. The net impact of acquisitions and divestitures accounted for \$8 of the decrease. Restructuring efforts started in 1997 and ongoing cost control initiatives had a positive impact. SG&A at DCC were higher in 1998 due to the effect of higher start-up and development costs associated with new leasing programs and the expansion of its lease portfolio. SG&A as a percentage of sales improved from 9.7% in 1997 to 9.0% in 1998.

Operating income, which excludes restructuring and integration charges and merger expenses, increased by \$200 in 1998. Operating margin improved to 7.2% from 5.8% in 1997. Excluding the nonrecurring charges to cost of sales and the net impact of acquisitions and divestitures, our operating margin would have been 7.2% in 1998 and 6.4% in 1997.

Interest expense increased \$28 in 1998 primarily due to higher average debt levels associated with acquisitions.

The effective tax rate was 39% in 1998 compared to 49% for 1997. The 1997 rate was higher due to providing valuation reserves for tax benefits previously recorded in France and for tax benefits associated with the expenses recorded for the rationalization plan at the Perfect Circle Europe operations. Portions of the 1997 restructuring charge are not deductible for tax purposes, which also caused the rate to increase.

Minority interest in net income of consolidated subsidiaries decreased \$15 in 1998, with lower earnings at Albarus S.A. and its majority-owned subsidiaries in Brazil and at Automotive Motion Technology Limited in Europe.

Equity in earnings of affiliates increased by \$5 in 1998 as we discontinued the recognition of losses on our investment in Korea Spicer Corporation, which was sold in November 1997, and recognized higher earnings in DCC's leasing affiliates and our Venezuelan affiliate.

Earnings increased 67% in 1998 to finish at \$534. This improvement occurred despite the recognition of \$57 in nonrecurring charges net of gains recorded on divestitures and the patent infringement case. Segments adversely affected by these charges were AAG \$45, ESG \$17, OHSG \$1 and Other \$50 while DCC recorded a net gain of \$56. Profits for 1997 were adversely affected by nonrecurring charges of \$149 net of gains recorded on divestitures. Segments adversely affected by these charges were ASG \$29, AAG \$117, ESG \$21, FSG \$11, OHSG \$13 and HTG \$7. The other SBU recorded a net gain of \$50.

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**Additional Information**

in millions except per share amounts

**Shareholders' Investment**

The following table shows the range of market prices of our common stock on the New York Stock Exchange and the cash dividends declared and paid for each quarter during 1998 and 1999. At December 31, 1999, the closing price of Dana common stock was \$29.94.

- the European warehouse distribution operations (\$76)
- the vehicular clutch operations (\$119)
- the Preferred Plastic Sheet Division (\$21)
- the flat rubber products business (\$14)
- the 49% share of Korea Spicer Corporation (\$18)
- an investment in a leveraged lease by DCC (\$13)

**Unaudited Quarterly Financial Information**

The following information has been reviewed by our independent accountants in accordance with generally accepted auditing standards (GAAS); however, they have not performed an audit in accordance with GAAS on the quarterly information to enable them to opine on each quarter.

Quarter Ended	Stock Price						Cash Dividends Declared and Paid	
	1998		1999		1998		1999	
	HI	LO	CLOSE	HI	LO	CLOSE		
March 31	\$59.00	\$48.00	\$58.06	\$43.50	\$34.00	\$38.00	\$.27	\$.31
June 30	61.50	51.06	53.50	54.06	37.38	46.06	.29	.31
September 30	54.94	35.13	37.31	47.63	35.13	37.13	.29	.31
December 31	44.88	31.31	40.88	39.06	26.00	29.94	.29	.31

Quarter Ended	Net Sales	Gross Profit	Net Income	Net Income Per Share	
				Basic	Diluted
For the year ended December 31, 1998					
March 31	\$3,233	\$535	\$141	\$ .86	\$ .84
June 30	3,237	555	160	.97	.96
September 30	2,962	483	98	.59	.59
December 31	3,032	442	135	.82	.81
For the year ended December 31, 1999					
March 31	\$3,381	\$566	\$162	\$ .97	\$ .97
June 30	3,498	610	190	1.15	1.14
September 30	3,127	563	161	.98	.97
December 31	3,243	456	*	*	*

The information for the first two quarters of 1998 has been restated to reflect the Echlin merger, which has been accounted for as a pooling of interests.

Expenses of \$38 were incurred in the third quarter of 1998 to effect the Echlin merger. In the fourth quarter, DCC sold its technology leasing group portfolio, realizing a gain of \$76 (46 cents per share); DCC also incurred a charge of \$20 (12 cents per share) related to exiting certain businesses. In addition, Dana recorded \$73 (44 cents per share) of restructuring charges and \$12 (7 cents per share) of inventory write-offs as part of its plan to integrate the former Echlin operations.

In the fourth quarter of 1999, we recorded rationalization, integration and other nonrecurring charges of \$144 (87 cents per share). These charges relate to the downsizing of three facilities, including our Reading, Pa. facility, and the closing of five facilities in the U.S., South America and Europe, net of the gain on the sale of the Sierra marine aftermarket operation.

**Eleven-Year History†**

in millions except per share amounts

[DANA LOGO]

\* Amount is less than \$.5 and per share amounts are less than one-half cent.

[Additional columns below]

[Continued from above table, first column(s) repeated]

Financial Highlights For the Years	1989	1990	1991	1992	1993	1994
Net Sales	\$6,320	\$6,553	\$6,084	\$6,655	\$7,404	\$8,843
Net Income (Loss)	176	123	55	(318)	174	352
Net Income (Loss) per Common Share						
Basic	1.32	.92	.41	(2.27)	1.18	2.29
Diluted	1.30	.91	.41	(2.26)	1.17	2.28
Cash Dividends per Common Share	.80	.80	.80	.80	.80	.83

Total Assets	6,259	5,705	5,371	5,584	5,895	6,701
Long-Term Debt	1,542	1,585	1,684	1,688	1,341	1,381

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**Financial Highlights  
For the Years**

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	1995	1996	1997	1998	1999
Net Sales	\$10,472	\$10,979	\$11,911	\$12,464	\$13,159
Net Income (Loss)	443	451	320	534	513
Net Income (Loss) per Common Share					
Basic	2.81	2.83	1.97	3.24	3.10
Diluted	2.80	2.81	1.94	3.20	3.08
Cash Dividends per Common Share	.90	.98	1.04	1.14	1.24
Total Assets	7,814	8,522	9,511	10,138	11,123
Long-Term Debt	1,325	1,887	1,790	1,718	2,732

DANA CORPORATION  
 CONSOLIDATED SUBSIDIARIES  
 AS OF DECEMBER 31, 1999

Dana Corporation  
 4500 Dorr Street  
 Toledo, Ohio 43615

UNITED STATES  
 -----

Dana Distribution, Inc.	Delaware
Dana Risk Management Services, Inc.	Ohio
Dana World Trade Corporation	Delaware
DTF Trucking, Inc.	Delaware
Albarus, Inc.	Delaware
Precision Specialities, Inc.	Delaware
GemStone Gasket Company	Delaware
Flight Operations, Inc.	Delaware
Results Unlimited, Inc.	Delaware
Dana International Finance Inc.	Delaware
Dana International Limited	Delaware
Krizman International, Inc.	Delaware
McQuay-Norris, Inc.	Delaware
Reinz Wisconsin Gasket Co.	Delaware
Victor Reinz Valve Seals, L.L.C.	Delaware
Wix Filtration Media Specialists, Inc.	Delaware
Sealed Power Technologies Corporation of Nevada	Nevada
Dana Technology Inc (f.k.a. Sanford Acquisition Company)	Michigan
DSA of America, Inc.	Michigan
Spicer Heavy Axle & Brake, Inc.	Michigan
Glacier Vandervell, Inc.	Michigan
Glacier Daido America, LLC	Ohio
Dandorr L.L.C.	Delaware
Innovative Manufacturing, Inc.	Ohio
Spicer Heavy Axle Holdings, Inc.	Michigan
Spicer Manufacturing, Inc.	Indiana
Spicer Technology, Inc.	Indiana
Spicer Axle, Inc.	Indiana
Dana Global Logistics, Inc.	Indiana
 Echlin Inc	 Connecticut
American Electronic Components, Inc.	Indiana
Automotive Brake Company Inc.	Delaware
Brake Parts Inc.	Delaware
Friction Inc.	Delaware
Brake Systems, Inc.	Delaware
EPE, Inc.	California
Prattville Mfg., Inc. (dormant)	Delaware
Hydraulics Inc.	Delaware
Automotive Controls Corp.	Connecticut
Auto Parts Acquisition Inc. (fka WAWD-EAP) (dormant)	Delaware
Beck/Arnley Worldparts Corp.	Delaware
Blackstone Manufacturing Co., Inc.	Delaware
Brake Realty Inc.	Delaware

BWD Automotive Corporation	Delaware
BWD International Inc.	Delaware
Echlin-Ponce, Inc.	Delaware
Friction Materials, Inc.	Massachusetts
Iroquois Tool Systems, Inc.	Pennsylvania
Lipe Corporation (dormant)	Delaware
Long USA Inc.	Delaware
Long Automotive Inc.	Texas
Long Cooling Systems Inc.	Delaware
Midland Brake, Inc. (dormant)	Delaware
Mr. Gasket, Inc.	Delaware
Pacer Industries, Inc.	Missouri
PAH Mexico Inc. (holding co.)	Delaware
W.M. Holding Company, Inc. (holding co.)	Delaware
Preferred Technical Group International, Inc.	Delaware
Preferred Technical Group, Inc.	Delaware
Multitec-PTG, Inc.	Delaware
Ristance Corporation	Indiana
Tekonsha Engineering Company	Michigan
Theodore Bargman Company	Michigan
United Brake Systems Inc. (dormant)	Delaware
Engine Controls Distribution Services, Inc.	Delaware
Diamond Financial Holdings, Inc.	Delaware
Findlay Properties, Inc.	Ohio
Ottawa Properties, Inc.	Michigan
Shannon Properties, Inc.	Delaware
First Shannon Realty of North Carolina, Inc.	North Carolina
Summey Building Systems, Inc.	North Carolina
Dana Credit Corporation	Delaware
Farnborough Properties Partners I Limited	Delaware
Farnborough Properties Partners II Limited	Delaware
Farnborough Properties Partners III Limited	Delaware
Farnborough Properties Partners IV Limited	Delaware
DCC Project Finance Nine, Inc.	Delaware
Dana Commercial Credit Corporation	Delaware
Camotop Two Corporation	Delaware
CCD Air Ten, Inc.	Delaware
CCD Air Eleven, Inc.	Delaware
CCD Air Twelve, Inc.	Delaware
CCD Air Thirteen, Inc.	Delaware
CCD Air Fourteen, Inc.	Delaware
CCD Air Twenty, Inc.	Delaware
CCD Air Twenty-One, Inc.	Delaware
CCD Air Twenty-Two, Inc.	Delaware
CCD Air Twenty-Three, Inc.	Delaware
CCD Air Thirty, Inc.	Delaware
CCD Air Thirty-Two, Inc.	Delaware
CCD Air Thirty-Three, Inc.	Delaware
CCD Air Thirty-Four, Inc.	Delaware
CCD Air Thirty-Five, Inc.	Delaware
CCD Air Thirty-Six, Inc.	Delaware
CCD Air Thirty-Seven, Inc.	Delaware
CCD Air Thirty-Eight, Inc.	Delaware
CCD Air Thirty-Nine, Inc.	Delaware
CCD Air Forty, Inc.	Delaware
CCD Air Forty-One, Inc.	Delaware
CCD Air Forty-Two, Inc.	Delaware
CCD Air Forty-Four, Inc.	Delaware

CCD Air Forty-Six, Inc.	Delaware
CCD Air Forty-Eight, Inc.	Delaware
CCD Airway One, Inc.	Delaware
CCD Rail Two, Inc.	Delaware
CCD Rail Three, Inc.	Delaware
CCD Rail Five, Inc.	Delaware
Comprehensive Asset Services, Inc.	Delaware
Dana Business Credit Corporation	Delaware
Dana Commercial Finance Corporation	Delaware
Dana Fleet Leasing, Inc.	Delaware
DCC Company 100, Inc.	Delaware
DCC Company 102, Inc.	Delaware
DCC Franchise Services, Inc.	Delaware
DCC Project Finance One, Inc.	Delaware
DCC Project Finance Two, Inc.	Delaware
DCC Project Finance Three, Inc.	Delaware
DCC Linden, Inc.	Delaware
DCC Project Finance Four, Inc.	Delaware
DCC Project Finance Five, Inc.	Delaware
DCC Project Finance Six, Inc.	Delaware
DCC Project Finance Ten, Inc.	Delaware
DCC Project Finance Eleven, Inc.	Delaware
Washington 10 Gas Holdings, Inc.	Delaware
Washington 10 Storage Corporation	Delaware
DCC Project Finance Twelve, Inc.	Delaware
DCC Project Finance Thirteen, Inc.	Delaware
DCC Project Finance Fourteen, Inc.	Delaware
DCC Project Finance Eighteen, Inc.	Delaware
DCC Servicing, Inc.	Delaware
Energy Credit Corporation	Delaware
Energy Services Credit Corporation	Delaware
GSP I Corporation	Oregon
Isom & Associates	Delaware
Leased Equipment, Inc.	Delaware
Lease Recovery, Inc.	Delaware
Midwest Housing Investments J.V., Inc.	Delaware
Potomac Leasing Company	Delaware
REBAC, Inc.	Delaware
REBNEC Three, Inc.	Delaware
REBNEC Five, Inc.	Delaware
REBNEC Nine, Inc.	Delaware
REBNEC Eleven, Inc.	Delaware
ReDade, Inc.	Delaware
Redison, Inc.	Delaware
REFIRST, Inc.	Delaware
REFREEZE, Inc.	Delaware
REHAT, Inc.	Delaware
RENAT, Inc.	Delaware
RENOVO One, Inc.	Delaware
RENOVO Three, Inc.	Delaware
RENOVO Five, Inc.	Delaware
RENOVO Seven, Inc.	Delaware
RENOVO Nine, Inc.	Delaware
RENOVO Eleven, Inc.	Delaware
RENOVO Thirteen, Inc.	Delaware
RENOVO Fifteen, Inc.	Delaware
RENOVO Seventeen, Inc.	Delaware
ReSun, Inc.	Delaware

RETRAM, Inc.	Delaware
Shannon Health Care Realty, Inc.	Delaware
Shannon Property Management, Inc.	Delaware
Shannon Michigan Properties, Inc.	Michigan
Shannon Supermarket Investors, Inc.	Delaware
Dana Lease Finance Corporation	Delaware
Camotop One Corporation	Delaware
CCD Air Four, Inc.	Delaware
CCD Air Five, Inc.	Delaware
CCD Air Seven, Inc.	Delaware
CCD Air Eight, Inc.	Delaware
CCD Air Nine, Inc.	Delaware
CCD Air Forty-Three, Inc.	Delaware
CCD Air Forty-Seven, Inc.	Delaware
CCD Air Forty-Nine, Inc.	Delaware
CCD Airway Two, Inc.	Delaware
CCD Rail One, Inc.	Delaware
CCD Rail Four, Inc.	Delaware
DCC Project Finance Seven, Inc.	Delaware
DCC Project Finance Eight, Inc.	Delaware
DCC Project Finance Fifteen, Inc.	Delaware
DCC Project Finance Nineteen, Inc.	Delaware
DCC Spacecom Two, Inc.	Delaware
DCC Vendorcom, Inc.	Delaware
DLF Company 101, Inc.	Delaware
JVQ Capital One, Inc.	Delaware
REBNEC One, Inc.	Delaware
REBNEC Two, Inc.	Delaware
REBNEC Four, Inc.	Delaware
REBNEC Six, Inc.	Delaware
REBNEC Ten, Inc.	Delaware
REBNEC Twelve, Inc.	Delaware
RECONN, Inc.	Delaware
RENOVO Two, Inc.	Delaware
RENOVO Four, Inc.	Delaware
RENOVO Six, Inc.	Delaware
RENOVO Eight, Inc.	Delaware
RENOVO Ten, Inc.	Delaware
RENOVO Twelve, Inc.	Delaware
RENOVO Fourteen, Inc.	Delaware
RESSEY, Inc.	Delaware
RESAMM, Inc.	Delaware
REVA, Inc.	Delaware
Letovon Rosehill One Pty Limited	Australia
Letovon Rosehill Two Pty Limited	Australia
Letovon St. Kilda One Pty Limited	Australia
Letovon St. Kilda Two Pty Limited	Australia
DCC Canada Inc.	Canada
Dana Capital S.A.	France
Dana Finance S.A.	France
DCC Leasing GmbH	Germany
Shannon Properties GmbH	Germany
Northavon Investments Limited	Jersey
Letovon Packs Limited	Jersey
Letovon Tower Hill Limited	Jersey
Sibi Packs Limited	Jersey
Dana Commercial Credit (UK) Limited	United Kingdom
Dana Capital Limited	United Kingdom

DCC (June) Limited	United Kingdom
DCC (September) Limited	United Kingdom
Farnborough Properties Company	United Kingdom
Farnborough Airport Properties Company	United Kingdom
Farnborough Aerospace Centre Management Limited	United Kingdom
Letovon Hammersmith Co.	United Kingdom
Letovon Heathrow Co.	United Kingdom
Letovon Waterloo Co.	United Kingdom
Tecnologia de Mociion Controlada S.A. de C.V.	Mexico
Dana Heavy Axle Mexico S.A. de C.V. (f.k.a. Eaton Manufacturera)	Mexico
Grupo Echlin Automotrices S.A. de C.V.	Mexico
Balatas American Brakebloks, S.A. de C.V.	Mexico
Producciones Automotrices, S.A. de C.V.	Mexico
Echlin Comercial, S.A. de C.V.	Mexico
Frenos Lusac, S.A. de C.V.	Mexico
Lusac Comfha de Mexico, S.A. de C.V.	Mexico
Itapsa, S.A. de C.V.	Mexico
FTE Mexicana, S.A. de C.V.	Mexico
Inversiones Echlin S.A. de C.V.	Mexico
Echlin Mexicana, S.A. de C.V.	Mexico
Long de Mexico, S.A. de C.V.	Mexico
Candados Universales de Mexico, S.A. de C.V.	Mexico
Echlin de Saltillo, S.A. de C.V.	Mexico
Echlin Industrias de Mexico, S.a. de C.V.	Mexico
Lipe Rollway Mexicana S.A. de C.V.	Mexico
Wrenford Insurance Company Limited	Bermuda
Spicer Asia Holdings I	Bermuda
ROC Spicer Investment Co.	British Virgin Islands
Dana Canada, Inc. (fka Hayes-Dana Inc.)	Canada
3125025 Canada Inc. (federal company)	Canada
Echlin Canada Inc. (federal company)	Canada
Long Manufacturing Ltd.	Canada
Brake Parts Canada Inc.	Canada
Echlin Dominicana, S.A.	Dominican Republic
Dana Foreign Sales Corporation	U.S. Virgin Islands
Echlin International, V.I., Inc.	U.S. Virgin Islands
Dana Australia (Holdings) Pty. Ltd.	Australia
Dana New Zealand, Ltd.	Australia
Dana Australia Pty. Ltd.	Australia
Dana Structural Components Australia Pty. Ltd.	Australia
Dana Spicer Axle Australia Pty Ltd.	Australia
Dana Australia Trading Pty. Ltd.	Australia
Dana Asia Pacific Industrial	Australia
Echlin Australia Pty. Ltd. (holding co.)	Australia
Kelray Australia Pty. Ltd.	Australia
P.J. Warneford Components	Australia
Turtle Wax Australasia Pty. Ltd.	Australia
Warneford & Oldfield Pty. Limited	Australia
Fujian Spicer Drivetrain Systems Co., Ltd.	China
Dana Hong Kong Limited	Hong Kong
Kentning Industries Limited (Never Active)	Hong Kong
Shui Hing Manufacturing Company Limited	Hong Kong
Echlin China Limited (Hong Kong)	Hong Kong
P.T. Spicer Indonesia (Never Active)	Indonesia
Dana Japan, Ltd.	Japan
Dana Korea Co. Ltd.	Korea
Dana Asia Pacific (Malaysia) Sdn. Bhd.	Malaysia
Spicer Philippines Manufacturing Co. (inactive)	Philippines

Dana Asia (Singapore) Pte. Ltd.	Singapore
R.O.C. Spicer Ltd.	Taiwan
Timing Investments Limited	Taiwan
Taiyin Enterprise Ltd.	Taiwan
Spicer Asia Engineering Ltd.	Taiwan
Dana Asia (Taiwan) Ltd. (Warner Electric Trading Co.)	Taiwan
Dana Asia (Taiwan) APD Co., Ltd.	Taiwan
Echlin Taiwan Ltd.	Taiwan
Dantean Company, Limited. (f.k.a. Spicer Thailand)	Thailand
Dana Industrial Co., Limited	Thailand
Dana Asia (Thailand) Limited	Thailand
Dana Spicer (Thailand) Limited (fka Spicer Asia (Thailand))	Thailand
Dana Austria GmbH	Austria
Glacier Gleitlager Handelsgesellschaft mbH	Austria
Warner Electric SA (Dormant)	Belgium
Clark-Hurth Belgium N.V.	Belgium
Clark Equipment Belgium N.V.	Belgium
Glacier Belgium	Belgium
Quinton Hazell Belgium SA	Belgium
Dana Holdings UK Limited	United Kingdom
Echlin (Southern) Holdings Ltd. (Jersey)	United Kingdom
Dana Holdings Limited	United Kingdom
Dana Spicer Europe Ltd.	United Kingdom
Warner Electric Limited	United Kingdom
Dana Interlock Limited (Dormant 1/1/94)	United Kingdom
Taylor Industrial Clutches Ltd.	United Kingdom
Wichita Company Limited	United Kingdom
Dana Limited (formerly Dana (1982) Limited)	United Kingdom
Superior Electric Engineering Services, Ltd.	United Kingdom
Dana Spicer Limited	United Kingdom
Stieber Formsprag Limited (Dormant)	United Kingdom
Echlin Europe Ltd. UK	United Kingdom
Quinton Hazell Plc.	United Kingdom
Motaproducts Automotive Limited (Dormant)	United Kingdom
Supra Group Limited (Dormant)	United Kingdom
Commercial Ignition Limited (Dormant)	United Kingdom
British Filters Limited (Dormant)	United Kingdom
TJ Filters Limited (Dormant)	United Kingdom
Quinton Hazell Automotive Limited	United Kingdom
QH Pension Trustee Limited (Dormant)	United Kingdom
Quinton Hazell (Far East) Limited	United Kingdom
Whitely Rishworth Exports Ltd. (Dormant)	United Kingdom
Preferred Technical Group-CHA Limited	United Kingdom
Hobourn Automotive Limited	United Kingdom
HG Pension Trust Company Limited (Dormant)	United Kingdom
SU Automotive Limited	United Kingdom
SU Pension Trustee Limited	United Kingdom
Hobourn Group Pension Trust Company Limited	United Kingdom
Dana Automotive Limited	United Kingdom
Automotive Motion Technology Limited	United Kingdom
Echlin Automotive Systems Limited	United Kingdom
Lipe Limited	United Kingdom
Driveline Specialist Limited	United Kingdom
Drinclog Limited (Dormant)	United Kingdom
Dana SAS	France
Perfect Circle Europe (fka Floquet Monopole S.A.)	France
Societe Industrielle de Precision Marti, S.A.	France
Societe de Reconditionnement Industriel de Moteurs S.A. (S.R.I.M.)	France

Spicer France Sarl	France
Warner France, S.A.	France
Collins & Tournadre "TOURCO"	France
G.I.E. Warner & Tourco	France
Sealed Power Europe S.A.	France
Glacier Vandervell SAS	France
Nobel Plastiques S.A.	France
Nobel Plastiques Climatisation S.A.	France
Quinton Hazell Sarl	France
IP Marti SNC	France
Autoclavite S.A.	France
Clark-Hurth Components S.A.R.L.	France
Dana GmbH	Germany
Dana Holdings GmbH	Germany
Reinz Dichtungs GmbH	Germany
Warner Electric GmbH	Germany
M. Friesen GmbH	Germany
Spicer GmbH (f.k.a. Superior Electric GmbH)	Germany
Clark-Hurth Components Vertriebs GmbH	Germany
DKW Kunststoffwerke GmbH	Germany
Thermoplast+Apparatebau GmbH	Germany
Dana (Duetchland) Grundstucksverwaltung GmbH	Germany
Sealed Power Europe GmbH	Germany
Echlin (Duetchland) Holding GmbH	Germany
FTE Automotive GmbH	Germany
Move Brems-Und Kupplungsschlauch	Germany
FTE Automotive Systems GmbH	Germany
Echlin Grundstucksverwaltung (Deutschland) GmbH	Germany
Quinton Hazell Deutschland GmbH	Germany
Spicer India Limited	India
Stieber Precision Pvt. Ltd.	India
Dana Finance (Ireland) Limited	Ireland
Quinton Hazell (Ireland) Limited	Ireland
Moprod (Ireland) Limited	Ireland
Quinton Hazell Limited	Ireland
Dana Italia, SpA	Italy
Metaltechno SpA	Italy
Quinton Hazell Italia SpA	Italy
D.E.H. Holdings SARL	Luxembourg
Dana Europe Holdings B.V.	Netherlands
Spicer Netherland B.V. (Dormant)	Netherlands
Leguana Participations B.V. (Holding Co.)	Netherlands
Warner Electric BV (f.k.a. Maumee Holdings B.V.)	Netherlands
Superior Electric Nederland B.V. (shell)	Netherlands
Glacier Bearings Benelux B.V.	Netherlands
Glacier Netherland B.V.	Netherlands
Echlin (Investments) Netherlands B.V.	Netherlands
Echlin (Properties) Netherlands BV	Netherlands
Quinton Hazell Nederland B.V.	Netherlands
Wix Filtron Sp. zo.o.	Poland
Quinton Hazell Polska Sp. zo.o.	Poland
Dana Equipamientos SA (f.k.a. Spicer Espana S.A.)	Spain
Sealed Power Europe S.L.	Spain
Industrias Seloc Reinz S.A. (closed)	Spain
Industrias Serva S.A.	Spain
Glaser Serva S.A.	Spain
Quinton Hazel Espana S.A.	Spain
Nobel Plastiques Iberica S.A.	Spain

Warner-Tollo AB	Sweden
WarnerElectric AB	Sweden
Quinton Hazell Svenska AB	Sweden
Warner Electric (International) S.A.	Switzerland
(International Headquarters, f.k.a. Warner Electric S.A., locally known as "Swiss Inc.")	Switzerland
T&N Zug AG	Switzerland
Glacier Tristar SA	Switzerland
Warner Electric S.A.	Switzerland
(Operating and local sales company, f.k.a. Societe de Vente Warner Electric S.A., locally known as "Swiss Trade")	Switzerland
Dana South Africa (Propreitary) Limited (fka Echlin Charger Mfg. Co. (Pty.) Ltd.)	South Africa
MAG Brakes (Prop.) Limited	South Africa
Electron Seventeen (Prop.) Limited	South Africa
Insom Investments (Prop.) Limited	South Africa
J&H Marcus Manufacturing Company (Prop.) Ltd.	South Africa
Miclaric Investments (Prop.) Limited	South Africa
South African Engineering Company (Prop.) Limited	South Africa
South African Engineering Company (Natal) (Prop.) Limited	South Africa
Dana Argentina S.A.	Argentina
Dana San Juan S.A. (f.k.a. AROS Daneri, S.A.)	Argentina
Dana San Luis S.A. (f.k.a. Trasa San Luis)	Argentina
Transmisiones Homocineticas Argentina S.A. (THA)	Argentina
Farlock S.A.	Argentina
Cerro de los Medanos S.A.	Argentina
Spicer Ejes Pesatos S.A.	Argentina
Nakata Autoparts S.A.	Argentina
Echlin Argentina S.A. (a/k/a Plasbestos)	Argentina
Fanacif Products Argentina S.A.	Argentina
Dana Equipamentos Ltda.	Brazil
Dana-Albarus, S.A. Industrial E Comercio	Brazil
Cardhom Commercial Ltda.	Brazil
Pellegrino Autopeças Industrial e Comerico Ltda.	Brazil
CIDAP-Industrial e Distribuidora de Aurtpeças Ltda. (Dormant)	Brazil
Albarus Sistemas Hidraulicos Ltda.	Brazil
Albarus S.A. Comercial e Exportadora	Brazil
Cirane Industria e Comercio Ltda.	Brazil
Previalbarus Societe de Providencia	Brazil
Dana Industrial S.A.	Brazil
Metalurgica Brasitalia Ltda.	Brazil
Suzuki Comercial Ltda.	Brazil
Dana Bahia Ltda.	Brazil
Warner Electric do Brasil Ltda.	Brazil
Dana do Brasil Ltda.	Brazil
Dana Industrias Ltda.	Brazil
SM-Sistemas Modulares Ltda.	Brazil
Glacier do Brasil Limitada	Brazil
Glacier Daido do Brasil Limitada	Brazil
Echlin Do Brasil S.A.	Brazil
Industria De Ejes Y Transmisiones S.A. (Transejes)	Colombia
Transejes C.D. Ltda.	Colombia
Transcar Ltda.	Colombia
Transmotor Ltda.	Colombia
Echlin de Colombia Ltda.	Colombia
Echlin Del Peru S.R. Ltda.	Peru
UBALI S.A.	Uruguay
Talesol S.A.	Uruguay
Echlin Uruguay	Uruguay
Inversora Sabana, S.A.	Venezuela

Echlin de Venezuela C.A.  
Finaciera Platwei S.A.

Venezuela  
Venezuela

## CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-67307, 333-42239, 333-23733, 333-22935, 333-00539 and 033-58121) and in the Registration Statements on Form S-8 (Nos. 333-84417, 333-69449, 333-52773-1, 333-50919, 033-64198 and 333-37435) of Dana Corporation of our report dated January 25, 2000 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated January 25, 2000 relating to the financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

Toledo, Ohio  
March 10, 2000

## POWER OF ATTORNEY

The undersigned directors and/or officers of Dana Corporation hereby constitute and appoint Southwood J. Morcott, Joseph M. Magliochetti, Robert C. Richter, Charles W. Hinde, Martin J. Strobel and Sue A. Griffin, and each of them, severally, their true and lawful attorneys-in-fact with full power for and on their behalf of execute the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, 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 and Exchange Act of 1934, as amended.

This Power of Attorney automatically ends as to each appointee upon the termination of his or her service with the Corporation.

In witness whereof, the undersigned have executed this instrument  
December 13, 1999.

/S/ B. F. BAILAR ----- B. F. Bailar	/S/ S. J. MORCOTT ----- S. J. Morcott
/S/ A. C. BAILLIE ----- A. C. Baillie	/S/ R. B. PRIORY ----- R. B. Priory
/S/ E. M. CARPENTER ----- E. M. Carpenter	/S/ ROBERT C. RICHTER ----- R. C. Richter
/S/ ERIC CLARK ----- E. Clark	/S/ C. W. HINDE ----- C. W. Hinde
/S/ G. H. HINER ----- G. H. Hiner	/S/ M. J. STROBEL ----- M. J. Strobel
/S/ J. MAGLIOCHETTI ----- J. M. Magliochetti	/S/ SUE A. GRIFFIN ----- S. A. Griffin
	/S/ M. MARKS ----- M. R. Marks

YEAR  
DEC-31-1999  
JAN-01-1999  
DEC-31-1999  
111  
0  
1,935  
44  
1,784  
4,801  
6,181  
2,731  
11,123  
3,888  
0  
0  
163  
2,794  
11,123  
13,159  
13,353  
10,964  
10,964  
1,373  
0  
279  
737  
251  
513  
0  
0  
513  
3.10  
3.08

1,000,000

YEAR	
DEC-31-1998	
JAN-01-1998	
DEC-31-1998	230
	0
	1,617
	41
	1,679
	4,337
	5,766
	2,462
	10,138
	3,987
	0
	0
	166
	2,774
10,138	
	12,464
	12,839
	10,449
	10,449
	1,290
	0
	280
	820
	315
	534
	0
	0
	0
	534
	3.24
	3.20

begin 666 DOC.PDF  
M)5!\$1BTQ+C(-"B7B\3#0HR(#@;V)J#0H\^T\*+TQE;F=T:"S,3&C  
M="!N86UE(&JF(')E9VES=")A;G0@87,@65R(\$ED96YT:69I8V%T:6]N(\$YO+EPi\*51J#0HM,C2!C  
M:&C:R!M87)K(')=H971H97(@=&AE(')E9VES=")A;G0@7"Q7"D@:&S(&9I  
M;&5D(&L;"!R97!O&-H86YG92!#8W0@;V8@,3DS-"!D=7)I;F<@=&AE('!R96-E  
M9&EN9R Q,B!M;VYT:"@,7"AO2!R  
M969E2'R-2P@,C'P,"P@  
M=V%S("E4:@T\*,"M,2XQ,B!41'T\*\*#\$U-BPY.#@L,C`V\*51J#0I5'T\*,C4N  
M-C4@,C(U+C(Q&T-"C@U+C@Y(#(R-2XR,2L#0I3#0I"5'T\*,3(@,"P(#\$R  
M(#@U+C@Y(#(R-BXT,2!4;0T\*\*"S:&R97,N("E4:@T\*-RXT-"M,BXS(%1\$  
M#0HH1\$]#54U#3E13(\$E.0T]24\$]2051%1"!62!2149#4D5.0T4\*51J#0HM  
M,3(N-#0+3\$N,3(@5\$0-"CSN,#405&,"ELH("I+3DT,"@\*2TS,#@V,"@  
M\*2TY-C'H("E=5\$H-"B]#R Q(Q#1F#0HQ-RXT,B'M,2XQ,"!41'T\*,"!48PT\*  
M6RA\$;V-U;65N="DM,3BQ-3\$N."A7:&R92!);F-02!3=&T96UE;G0@9F]R(\$%N;G5A;"!-965T:6YG(&JF(H-#87)E:&JL  
M9&5R&AI  
M8FET(\$EN9&5X(&S(&Q08V%T960@870@<&G97,@,3DM,C'@;V8@=&AE('E-E  
M<75E;G1I86P@;G5M8F5R:6YG('Y'1'4W1A=&4@/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HQ,R'P(&]B:@T\*/#P-"B"]  
M=8@@,C\$U,PT\*"-G-T"E4:@T\*,S2!A;F0@4F5L871E9"!3=&]C:VAO;&1E7-I'1'4W1A=&4@/#P-"B"]'  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HQ-B'P(&]B:@T\*/#P-"B"]  
M=8@@-30P-0T\*/CX-"G-T2U0=VYE9"!S=6]S:61187)Y+"!\$86YA  
M(\$-R961I="!#;W)P;W)A=&E0;BX@\*51J#0HP("TR+C,@5\$0-"B@@"@("!"!/  
M=7(@;W!EF5D(&EN=&@=&AE(&90;&Q0=VEN  
M9R!S979E;B!M87)K970M9F]C=7-E9"!3=")A=&5G:6,@0G5S:6YE2!A>&QE  
M7,@,C8L,#'P('IE  
M;W!L92!I;B'R,"!C;W5N=")I97,N(SET7-T96US  
M(\$=R;WSP(%PH15-"!7"D@7#(R-R!4:&ES(&R;WSP('E2!E=F5R  
M>2!M86I07-T96US(\$=R;WSP(%PH1E-"!7"D@7#(R-R!4:&ES(&R;WSP  
M(&UA;G5F86-T7)E'1E;G-I-F4@;&EN92!09B!P2!&]W)D+"!\$86EM;&5R0VAR>7-L  
M97(@86YD(\$=-BE4:@T\*+3,N,C@0+3\$N,3(@5\$0-"B@\*51J#0I4\*#T\*6R@>  
M\*2TQ,32!T7-T96US+B!)="!A;"-O(&S2!3>7-T96US(\$=R;WSP(%PH3TA31UPI  
M(#PR,C<@5&AI&QE2!C:&S'1R;VX@86YD(\$%T@V=V5R92!I=",@  
M=&AR964@;&R9V5S="!C=7-T;VUE2!P&EM871E;'D@,S'P('!E;W!L92XI5&H-"BTS+C(X("TR+C,@5\$0-"BA4:&ES  
M(%-"52!A;&EG;FUE;G0@F5D("A;&S+B!4:4@&  
M;&R9V5S="!T2`Q.3DX\*5U42T\*5"H-"B@\*51J#0I4\*#T\*6R@>2TQ,3F4@2!S879I  
M;F=S+BE=5\$H-"C@+3(N,R!41'T\*\*"@("(\$-0;G-I2!H96QD(;)Y("E4:@T\*5"H-"BAM:6YO  
M2!I;G1E&QE("E4:@T\*5"H-"BAM86YU9F#C="5R:6YG(&]P97A  
M=&E0;G,@:6X@075S=")A;&EA(&N9"!3;W5T:"!9G)I8V\$@86YD(&\$@;6%J  
M;W)I="D@:6YT97)E'0@70T\*+T90;G0@/#P-"B]&  
M,B'T(#@4T\*+T8S(#4@,"!2#0H01C0@-B'P(%("CX^#0H017AT1U-T871E  
M(#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH("@"@3W5R(&YO;BU5+E,N('U8G-I9&EA2!09B!T:&5M+B!/=7(@871T96YT:6]N'!10('!U86QI="DL(&R1  
M;&EV97)Y(&N9"!S97)Y:6-E(&AA2!A=V#R9',N(\$906EN9R!P65A65A2!C;W)E'!R;V1U8W0@=V5R92!A2P@=&AE2!S;&R  
M=&G&97,@\*51J#0I4\*#T\*#&]F(&\$@<&R=&EC=6QA2!08V-U6-L92X@16%K;"!0<&5R871I;F<@=6YI="!M86EN=&8I;G,@:71S  
M(&]W;B!I;G9E;G102X@5V4@8F5L:65V92!T:&#T  
M(&]U2!I2!B92!N965D960N("E4:@T\*,"M,BXS(%1\$#0HH0T]-  
M4\$54251)3TX@\*51J#0I4\*#T\*\*"@("(@=&E(-0;7!E=&4@=V]R;&1W:61E  
M('I=&@082!N=6UB97(@;V8@;W1H97(@;6%N=69A8W1U'1'  
M4W1A=&4@/#P-"B"]4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:@T\*/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH("@"@3W5R(&YO;BU5+E,N('U8G-I9&EA2!09B!T:&5M+B!/=7(@871T96YT:6]N'!10('!U86QI="DL(&R1  
M;&EV97)Y(&N9"!S97)Y:6-E(&AA2!A=V#R9',N(\$906EN9R!P65A65A2!C;W)E'!R;V1U8W0@=V5R92!A2P@=&AE2!S;&R  
M=&G&97,@\*51J#0I4\*#T\*#&]F(&\$@<&R=&EC=6QA2!08V-U6-L92X@16%K;"!0<&5R871I;F<@=6YI="!M86EN=&8I;G,@:71S  
M(&]W;B!I;G9E;G102X@5V4@8F5L:65V92!T:&#T  
M(&]U2!I2!B92!N965D960N("E4:@T\*,"M,BXS(%1\$#0HH0T]-  
M4\$54251)3TX@\*51J#0I4\*#T\*\*"@("(@=&E(-0;7!E=&4@=V]R;&1W:61E  
M('I=&@082!N=6UB97(@;V8@;W1H97(@;6%N=69A8W1U'1'  
M4W1A=&4@/#P-"B"]4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:@T\*/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH("@"@3W5R(&YO;BU5+E,N('U8G-I9&EA2!09B!T:&5M+B!/=7(@871T96YT:6]N'!10('!U86QI="DL(&R1  
M;&EV97)Y(&N9"!S97)Y:6-E(&AA2!A=V#R9',N(\$906EN9R!P65A65A2!C;W)E'!R;V1U8W0@=V5R92!A2P@=&AE2!S;&R  
M=&G&97,@\*51J#0I4\*#T\*#&]F(&\$@<&R=&EC=6QA2!08V-U6-L92X@16%K;"!0<&5R871I;F<@=6YI="!M86EN=&8I;G,@:71S  
M(&]W;B!I;G9E;G102X@5V4@8F5L:65V92!T:&#T  
M(&]U2!I2!B92!N965D960N("E4:@T\*,"M,BXS(%1\$#0HH0T]-  
M4\$54251)3TX@\*51J#0I4\*#T\*\*"@("(@=&E(-0;7!E=&4@=V]R;&1W:61E  
M('I=&@082!N=6UB97(@;V8@;W1H97(@;6%N=69A8W1U'1'  
M4W1A=&4@/#P-"B"]4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:@T\*/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH("@"@3W5R(&YO;BU5+E,N('U8G-I9&EA2!09B!T:&5M+B!/=7(@871T96YT:6]N'!10('!U86QI="DL(&R1  
M;&EV97)Y(&N9"!S97)Y:6-E(&AA2!A=V#R9',N(\$906EN9R!P65A65A2!C;W)E'!R;V1U8W0@=V5R92!A2P@=&AE2!S;&R  
M=&G&97,@\*51J#0I4\*#T\*#&]F(&\$@<&R=&EC=6QA2!08V-U6-L92X@16%K;"!0<&5R871I;F<@=6YI="!M86EN=&8I;G,@:71S  
M(&]W;B!I;G9E;G102X@5V4@8F5L:65V92!T:&#T  
M(&]U2!I2!B92!N965D960N("E4:@T\*,"M,BXS(%1\$#0HH0T]-  
M4\$54251)3TX@\*51J#0I4\*#T\*\*"@("(@=&E(-0;7!E=&4@=V]R;&1W:61E  
M('I=&@082!N=6UB97(@;V8@;W1H97(@;6%N=69A8W1U'1'  
M4W1A=&4@/#P-"B"]4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:@T\*/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH("@"@3W5R(&YO;BU5+E,N('U8G-I9&EA2!09B!T:&5M+B!/=7(@871T96YT:6]N'!10('!U86QI="DL(&R1  
M;&EV97)Y(&N9"!S97)Y:6-E(&AA2!A=V#R9',N(\$906EN9R!P65A65A2!C;W)E'!R;V1U8W0@=V5R92!A2P@=&AE2!S;&R  
M=&G&97,@\*51J#0I4\*#T\*#&]F(&\$@<&R=&EC=6QA2!08V-U6-L92X@16%K;"!0<&5R871I;F<@=6YI="!M86EN=&8I;G,@:71S  
M(&]W;B!I;G9E;G102X@5V4@8F5L:65V92!T:&#T  
M(&]U2!I2!B92!N965D960N("E4:@T\*,"M,BXS(%1\$#0HH0T]-  
M4\$54251)3TX@\*51J#0I4\*#T\*\*"@("(@=&E(-0;7!E=&4@=V]R;&1W:61E  
M('I=&@082!N=6UB97(@;V8@;W1H97(@;6%N=69A8W1U'1'  
M4W1A=&4@/#P-"B"]4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:@T\*/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH("@"@3W5R(&YO;BU5+E,N('U8G-I9&EA2!09B!T:&5M+B!/=7(@871T96YT:6]N'!10('!U86QI="DL(&R1  
M;&EV97)Y(&N9"!S97)Y:6-E(&AA2!A=V#R9',N(\$906EN9R!P65A65A2!C;W)E'!R;V1U8W0@=V5R92!A2P@=&AE2!S;&R  
M=&G&97,@\*51J#0I4\*#T\*#&]F(&\$@<&R=&EC=6QA2!08V-U6-L92X@16%K;"!0<&5R871I;F<@=6YI="!M86EN=&8I;G,@:71S  
M(&]W;B!I;G9E;G102X@5V4@8F5L:65V92!T:&#T  
M(&]U2!I2!B92!N965D960N("E4:@T\*,"M,BXS(%1\$#0HH0T]-  
M4\$54251)3TX@\*51J#0I4\*#T\*\*"@("(@=&E(-0;7!E=&4@=V]R;&1W:61E  
M('I=&@082!N=6UB97(@;V8@;W1H97(@;6%N=69A8W1U'1'  
M4W1A=&4@/#P-"B"]4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:@T\*/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH("@"@3W5R(&YO;BU5+E,N('U8G-I9&EA2!09B!T:&5M+B!/=7(@871T96YT:6]N'!10('!U86QI="DL(&R1  
M;&EV97)Y(&N9"!S97)Y:6-E(&AA2!A=V#R9',N(\$906EN9R!P65A65A2!C;W)E'!R;V1U8W0@=V5R92!A2P@=&AE2!S;&R  
M=&G&97,@\*51J#0I4\*#T\*#&]F(&\$@<&R=&EC=6QA2!08V-U6-L92X@16%K;"!0<&5R871I;F<@=6YI="!M86EN=&8I;G,@:71S  
M(&]W;B!I;G9E;G102X@5V4@8F5L:65V92!T:&#T  
M(&]U2!I2!B92!N965D960N("E4:@T\*,"M,BXS(%1\$#0HH0T]-  
M4\$54251)3TX@\*51J#0I4\*#T\*\*"@("(@=&E(-0;7!E=&4@=V]R;&1W:61E  
M('I=&@082!N=6UB97(@;V8@;W1H97(@;6%N=69A8W1U'1'  
M4W1A=&4@/#P-"B"]4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:@T\*/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH("@"@3W5R(&YO;BU5+E,N('U8G-I9&EA2!09B!T:&5M+B!/=7(@871T96YT:6]N'!10('!U86QI="DL(&R1  
M;&EV97)Y(&N9"!S97)Y:6-E(&AA2!A=V#R9',N(\$906EN9R!P65A65A2!C;W)E'!R;V1U8W0@=V5R92!A2P@=&AE2!S;&R  
M=&G&97,@\*51J#0I4\*#T\*#&]F(&\$@<&R=&EC=6QA2!08V-U6-L92X@16%K;"!0<&5R871I;F<@=6YI="!M86EN=&8I;G,@:71S  
M(&]W;B!I;G9E;G102X@5V4@8F5L:65V92!T:&#T  
M(&]U2!I2!B92!N965D960N("E4:@T\*,"M,BXS(%1\$#0HH0T]-  
M4\$54251)3TX@\*51J#0I4\*#T\*\*"@("(@=&E(-0;7!E=&4@=V]R;&1W:61E  
M('I=&@082!N=6UB97(@;V8@;W1H97(@;6%N=69A8W1U'1'  
M4W1A=&4@/#P-"B"]4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:@T\*/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH("@"@3W5R(&YO;BU5+E,N('U8G-I9&EA2!09B!T:&5M+B!/=7(@871T96YT:6]N'!10('!U86QI="DL(&R1  
M;&EV97)Y(&N9"!S97)Y:6-E(&AA2!A=V#R9',N(\$906EN9R!P65A65A2!C;W)E'!R;V1U8W0@=V5R92!A2P@=&AE2!S;&R  
M=&G&97,@\*51J#0I4\*#T\*#&]F(&\$@<&R=&EC=6QA2!08V-U6-L92X@16%K;"!0<&5R871I;F<@=6YI="!M86EN=&8I;G,@:71S  
M(&]W;B!I;G9E;G102X@5V4@8F5L:65V92!T:&#T  
M(&]U2!I2!B92!N965D960N("E4:@T\*,"M,BXS(%1\$#0HH0T]-  
M4\$54251)3TX@\*51J#0I4\*#T\*\*"@("(@=&E(-0;7!E=&4@=V]R;&1W:61E  
M('I=&@082!N=6UB97(@;V8@;W1H97(@;6%N=69A8W1U'1'  
M4W1A=&4@/#P-"B"]4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:@T\*/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH("@"@3W5R(&YO;BU5+E,N('U8G-I9&EA2!09B!T:&5M+B!/=7(@871T96YT:6]N'!10('!U86QI="DL(&R1  
M;&EV97)Y(&N9"!S97)Y:6-E(&AA2!A=V#R9',N(\$906EN9R!P65A65A2!C;W)E'!R;V1U8W0@=V5R92!A2P@=&AE2!S;&R  
M=&G&97,@\*51J#0I4\*#T\*#&]F(&\$@<&R=&EC=6QA2!08V-U6-L92X@16%K;"!0<&5R871I;F<@=6YI="!M86EN=&8I;G,@:71S  
M(&]W;B!I;G9E;G102X@5V4@8F5L:65V92!T:&#T  
M(&]U2!I2!B92!N965D960N("E4:@T\*,"M,BXS(%1\$#0HH0T]-  
M4\$54251)3TX@\*51J#0I4\*#T\*\*"@("(@=&E(-0;7!E=&4@=V]R;&1W:61E  
M('I=&@082!N=6UB97(@;V8@;W1H97(@;6%N=69A8W1U'1'  
M4W1A=&4@/#P-"B"]4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:@T\*/#P-"B"]  
M4S\$@-R'P(%("CX^#0H^/@T\*96YD;V)J#0HS,2'P(&]B  
M:#P#0H01U,Q(#<@,"!2#0H^/@T\*/CX-"F5N9&]B:@T\*,C(@,"!08FH-"CP  
M#0H03&5N9W1H(#0R.3(-"CX^#0IS=")E86T-"D)4#0H01C(@,2!49@T\*,3(@  
M,"P(#\$R(#(U+C8U(#DV,2XP-2!4;0T\*,"!G#0H01U,Q(&S#0HP(%1C#0HP  
M(%1W#0HH=&AE('A;&S(&]F(&]U2!T:')E92!M:6QL:6]N  
M('H87)E2!T:&4@96YD(&]R('1H92!F:7)S="I  
M5&H-"E0J#0HH<75AF%T:6]N&EC;RDM-S,R-RXR\*\$)E;&I=6T@4G5S2 I=3\$S.#DN-RA.97<@\*3(Y,3'H6F5A;&N9"E=5\$H-"E0J#0HR+C\$S  
M,R!4=PT\*6RA)2!5;FET960@\*3,Q,S(H2VEN  
M9V10;2E=5\$H-"B]&-"Q(Q#1F#0HQ,B'P#@,3(@,C4N-C4@-30V+C,S(%1M  
M#0HP(%1W#0HH

