

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

**Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

For the Quarterly Period Ended March 31, 2005
Commission File Number 1-1063

Dana Corporation

(Exact name of Registrant as Specified in its Charter)

Virginia

34-4361040

(State or other jurisdiction
of incorporation or organization)

(IRS Employer
Identification Number)

4500 Dorr Street, Toledo, Ohio

43615

(Address of Principal Executive Offices)

(Zip Code)

(419) 535-4500

(Registrant's telephone number, including area code)

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 whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 29, 2005
Common stock, \$1 par value	150,256,100

1

DANA CORPORATION
INDEX

	Page Number
Cover	1
Index	2

[Part I. Financial Information](#)

[Item 1. Financial Statements \(Unaudited\)](#)

Condensed Consolidated Balance Sheet - March 31, 2005 and December 31, 2004	3
Condensed Consolidated Statement of Income - Three Months Ended March 31, 2005 and 2004	4
Condensed Consolidated Statement of Cash Flows - Three Months Ended March 31, 2005 and 2004	5
Notes to Condensed Consolidated Financial Statements	6-17

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	18-32
Item 3. Quantitative and Qualitative Disclosures About Market Risk	32
Item 4. Controls and Procedures	32
Part II. Other Information	
Item 1. Legal Proceedings	33
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	33
Item 4. Submission of Matters to a Vote of Security Holders	33-34
Item 6. Exhibits	34
Signature	35
Exhibit Index	36
Exhibit 10-U(1) Purchase and Sale Agreement	
Exhibit 10-U(2) Equity Joint Venture Contract	
Exhibit 10-V Human Resources Management & Admin	
Exhibit 31-A CEO Certification Rule 13A-14(A)/15D-14(A)	
Exhibit 31-B CFO Certification Rule 13A-14(A)/15D-14(A)	
Exhibit 32 Section 1350 Certifications	

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DANA CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)
(in millions)

	<u>March 31, 2005</u>	<u>December 31, 2004</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 590	\$ 634
Accounts receivable		
Trade	1,479	1,266
Other	379	444
Inventories		
Raw materials	482	416
Work in process and finished goods	495	491
Other current assets	256	217
Total current assets	<u>3,681</u>	<u>3,468</u>
Property, plant and equipment, net	2,106	2,153
Investments in leases	277	281
Investments and other assets	3,025	3,145
Total assets	<u>\$ 9,089</u>	<u>\$ 9,047</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable, including current portion of long-term debt	\$ 305	\$ 155
Accounts payable	1,407	1,317
Other current liabilities	1,138	1,217
Total current liabilities	<u>2,850</u>	<u>2,689</u>
Long-term debt	2,045	2,054
Deferred employee benefits and other noncurrent liabilities	1,689	1,746
Minority interest in consolidated subsidiaries	126	123
Shareholders' equity	2,379	2,435
Total liabilities and shareholders' equity	<u>\$ 9,089</u>	<u>\$ 9,047</u>

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

DANA CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)
(in millions, except per share amounts)

	Three Months Ended	
	March 31,	
	2005	2004
Net sales	\$ 2,488	\$ 2,311
Revenue from lease financing and other income (expense)	<u>32</u>	<u>14</u>
	2,520	2,325
Costs and expenses		
Cost of sales	<u>2,327</u>	<u>2,105</u>
Selling, general and administrative expenses	<u>136</u>	<u>134</u>
Interest expense	<u>43</u>	<u>51</u>
	2,506	2,290
Income before income taxes	<u>14</u>	<u>35</u>
Income tax benefit		<u>3</u>
Minority interest	<u>(3)</u>	<u>(3)</u>
Equity in earnings of affiliates	<u>7</u>	<u>17</u>
Income from continuing operations	<u>18</u>	<u>52</u>
Income from discontinued operations, net of tax		<u>13</u>
Net income	\$ 18	\$ 65
Basic earnings per common share		
Income from continuing operations	<u>\$ 0.12</u>	<u>\$ 0.35</u>
Income from discontinued operations		<u>0.09</u>
Net income	<u>\$ 0.12</u>	<u>\$ 0.44</u>
Diluted earnings per common share		
Income from continuing operations	<u>\$ 0.12</u>	<u>\$ 0.34</u>
Income from discontinued operations		<u>0.09</u>
Net income	<u>\$ 0.12</u>	<u>\$ 0.43</u>
Cash dividends declared and paid per common share	\$ 0.12	\$ 0.12
Average shares outstanding - Basic	149	148
Average shares outstanding - Diluted	151	150

The accompanying notes are an integral part of the condensed consolidated financial statements. As explained in Note 1, the results of operations for the three months ended March 31, 2004 have been restated to reflect the adoption of Staff Position FAS No. 106-2.

[Table of Contents](#)**DANA CORPORATION****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**
(in millions)

	Three Months Ended March 31,	
	2005	2004
Net income	\$ 18	\$ 65
Depreciation and amortization	83	93
Gain on divestitures and asset sales	(1)	(4)
Working capital increase	(266)	(222)
Other	(37)	6
Net cash flows - operating activities	(203)	(62)
Purchases of property, plant and equipment	(70)	(79)
Payments received on leases and loans	4	4
Asset sales	35	103
Payments from partnerships	64	6
Other	1	(5)
Net cash flows - investing activities	34	29
Net change in short-term debt	164	115
Payments on long-term debt	(20)	(259)
Proceeds from long-term debt		5
Dividends paid	(18)	(18)
Other	(1)	5
Net cash flows - financing activities	125	(152)
Net change in cash and cash equivalents	(44)	(185)
Cash and cash equivalents - beginning of period	634	731
Cash and cash equivalents - end of period	\$ 590	\$ 546

The accompanying notes are an integral part of the condensed consolidated financial statements. As explained in Note 1, the results of operations for the three months ended March 31, 2004 have been restated to reflect the adoption of Staff Position FAS No.106-2.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(in millions, except per share amounts)

Note 1. Basis of Presentation

In our opinion, the accompanying condensed consolidated financial statements include all normal recurring adjustments necessary for a fair presentation of financial condition, results of operations and cash flows for the interim periods presented. Interim results are not necessarily indicative of full-year results. We have reclassified certain amounts in 2004 to conform to the 2005 presentation. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2004.

The results of operations for the quarter ended March 31, 2004 were restated in connection with the adoption in the third quarter of 2004 of Staff Position FAS No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." The adoption resulted in a \$68 decrease in our accumulated postretirement benefit obligation and a corresponding actuarial gain, which we deferred in accordance with our accounting policy related to postretirement benefit plans. Amortization of the actuarial gain, along with a reduction in service and interest costs, increased net income for the three months ended March 31, 2004 by \$2 and diluted earnings per share by \$0.01.

Note 2. New Accounting Pronouncement

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), "Share-Based Payment." SFAS No. 123R requires recognition of the cost of employee services provided in exchange for stock options and similar equity instruments based on the fair value of the instrument at the date of grant. The effective date for this guidance was recently delayed for public companies until January 1, 2006. Accordingly, we will begin recognizing compensation expense related to stock options in the first quarter of 2006. The requirements of SFAS No. 123R will be applied to stock options granted subsequent to December 31, 2005 as well as the unvested portion of prior grants.

The impact of adopting SFAS No. 123R on our 2006 earnings is not expected to be significantly different from the pro forma expense included in our 2004 annual report; however, the amount of expense will be affected by the new valuation method, the volume of grants and exercises, forfeitures, our dividend rate and the volatility of our stock price.

Note 3. Common Shares

The following table reconciles our average shares outstanding for purposes of calculating basic and diluted net income per share.

	Three Months Ended March 31,	
	2005	2004
Average shares outstanding for the period - basic	<u>149.4</u>	<u>148.3</u>
Plus: Incremental shares from:		
Deferred compensation units	0.5	0.4
Restricted stock	0.3	0.3
Stock options	<u>0.5</u>	<u>1.3</u>
Potentially dilutive shares	<u>1.3</u>	<u>2.0</u>
Average shares outstanding for the period - diluted	<u>150.7</u>	<u>150.3</u>

Note 4. Equity-Based Compensation

In accordance with our accounting policy for stock-based compensation, we have not recognized any expense relating to our 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 \$3 in the first quarter of both 2005 and 2004.

During the quarter ended March 31, 2005, we changed the method used to value stock options grants from the Black-Scholes method to the binomial method. The new method is being applied to stock options granted after December 31, 2004, including approximately 1,800,000 options granted in February 2005. The fair value of prior grants determined using the Black-Scholes method has been retained for those grants. Because the binomial method considers the possibility of early exercises of options, our historical exercise and termination experience, we believe it provides a fair value that is more representative of our experience.

The fair value of the options granted in February 2005 was \$4.28 per share under the binomial method, using a market value at date of grant of \$15.94 and the following assumptions: risk-free interest rates of 2.84% to 4.08%, a dividend yield of 2.64%, volatility of 30% to 31.5%, expected forfeitures of 17.5% and an expected life of 6.7 years.

[Table of Contents](#)

The following table presents stock compensation expense currently included in our financial statements related to restricted stock, restricted stock units, performance shares and stock awards, as well as the pro forma information showing results as if stock option expense had been recorded under the fair value method.

	Three Months Ended March 31,	
	2005	2004
Stock compensation expense, as reported	\$ 1	\$ 3
Stock option expense, pro forma	3	3
Stock compensation expense, pro forma	<u>\$ 4</u>	<u>\$ 3</u>
Net income, as reported	\$ 18	\$ 65
Net income, pro forma	15	62
Basic earnings per share		
Net income, as reported	\$ 0.12	\$ 0.44
Net income, pro forma	0.09	0.42
Diluted earnings per share		
Net income, as reported	\$ 0.12	\$ 0.43
Net income, pro forma	0.09	0.41

Note 5. Pension and Other Postretirement Benefits

The components of net periodic benefit costs for the three months ended March 31, 2005 and 2004 are shown in the following table.

	Pension Benefits Three Months Ended March 31,	
	2005	2004
Service cost	\$ 13	\$ 15
Interest cost	\$ 40	44
Expected return on plan assets	(52)	(54)
Amortization of prior service cost	1	2
Recognized net actuarial loss	6	4
Net periodic benefit cost	<u>\$ 8</u>	<u>\$ 11</u>

	Other Benefits Three Months Ended March 31,	
	2005	2004
Service cost	\$ 3	\$ 3
Interest cost	25	27
Amortization of prior service cost	(3)	(3)
Recognized net actuarial loss	9	11
Net periodic benefit cost	<u>\$ 34</u>	<u>\$ 38</u>

We made \$9 in pension contributions to our defined benefit plans during the three months ended March 31, 2005 and expect to contribute approximately \$75 during the last nine months of the year.

Note 6. Comprehensive Income

Comprehensive income includes net income and components of other comprehensive income, such as foreign currency translation and minimum pension liability adjustments that are charged or credited directly to shareholders' equity. The deferred translation loss reported for the three months ended March 31, 2005 was \$60 and resulted primarily from the strengthening of the U.S. dollar relative to the euro (\$39), the British pound (\$6), the South African rand (\$5) and the Swedish krona (\$5). Changes in the relative value of the euro (\$14 loss) and the British pound (\$10 gain) were largely offsetting during the three months ended March 31, 2004.

Our total comprehensive income (loss) is as follows:

	Three Months Ended March 31,	
	2005	2004
Net income	\$ 18	\$ 65
Other comprehensive income (loss):		
Deferred translation loss	(60)	(1)
Other	4	
Total comprehensive income (loss)	\$ (38)	\$ 64

Note 7. Income Taxes

The effective tax rates for the three-month periods ended March 31, 2005 and 2004 were affected primarily by adjustments to the valuation allowances provided against deferred tax assets related to tax loss carryforwards.

We did not recognize any tax expense on pre-tax profit of \$14 for the three months ended March 31, 2005, which differs from the expected expense of \$5 at a U.S. federal statutory tax rate of 35%. The primary reason for this difference was a \$3 reduction in our valuation allowance against deferred tax assets. The adjustment to the valuation allowance was based primarily on our determination that it was more likely than not that a portion of the tax loss carryforward of one of our non-U.S. subsidiaries would be realized within the applicable carryforward period.

The \$3 income tax benefit for the three months ended March 31, 2004 recognized on pre-tax income of \$35 differed from an expected expense provision of \$12 at a statutory tax rate of 35%. The primary reason for this difference was a \$10 reduction in the valuation allowance against deferred tax assets, as we determined that it was more likely than not that a portion of our capital loss carryforward would be utilized in connection with the sale of Dana Credit Corporation (DCC) assets.

To the extent that asset sales or other transactional activities result in capital gains, the tax liability on the capital gains is offset by the release of a portion of the valuation allowance recorded against the deferred tax asset related to our existing capital loss carryforward. The release of the valuation allowance is recognized when sales of assets or other capital gain transactions are determined to be more likely than not to occur.

Deferred tax assets at March 31, 2005, net of valuation allowances, approximated \$861, including \$723 of U.S. federal and state deferred income taxes. We evaluate the carrying value of deferred tax assets quarterly. Excluding the capital loss carryover, the most significant portion of our deferred tax assets relates to the tax

benefits recorded for U.S.-based other post-employment employee benefits (OPEB) and net operating loss (NOL) carryforwards in the U.S. Although full realization of our deferred tax assets is not assured, based on our current evaluation, we believe that realization is more likely than not achievable through a combination of improved operating results and changes in our business operating model. Failure to achieve expected results in 2005 or the inability to project such results in the U.S. beyond 2005 may change our assessment regarding the recoverability of these deferred U.S. tax assets and could result in a valuation allowance against such assets.

Note 8. Business Segments

Our segments for the first quarter of 2005 consist of our business units — the Automotive Systems Group (ASG) and the Heavy Vehicle Technologies and Systems Group (HVTSG) – and DCC.

In accordance with plans announced in October 2001, we have been divesting DCC's businesses and assets; these sales continued during the first quarter of 2005. As a result of sales and the continuing collection of payments, DCC's total portfolio assets were reduced by \$75 during the quarter, leaving assets of approximately \$755 at March 31, 2005. While we are continuing to pursue the sale of many of the remaining DCC assets, we expect to retain certain assets for varying periods of time because tax attributes and/or market conditions make disposal uneconomical at this time. As of March 31, 2005, our expectation was that we would retain approximately \$400 of the \$755 of DCC assets held at that date; however, changes in market conditions may result in a change in our expectation. DCC's retained liabilities include certain asset-specific financing and general obligations that are uneconomical to pay off in advance of their scheduled maturities. We expect that the cash flow generated from DCC assets, including proceeds from asset sales, will be sufficient to service DCC's debt.

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

[Table of Contents](#)

Information used to evaluate the segments and geographic regions is as follows:

	Three Months Ended March 31,				
	External Sales	Inter-Segment Sales	EBIT	Operating PAT	Net Profit (Loss)
2005					
ASG	\$ 1,810	\$ 37	\$ 59	\$ 40	\$ 5
HVTSG	674	8	40	25	8
DCC				6	6
Other	4	1	(59)	(53)	(1)
Total operations	2,488	46	40	18	18
Unusual items excluded from performance measures			(2)		
Consolidated	\$ 2,488	\$ 46	\$ 38	\$ 18	\$ 18
North America	\$ 1,586	\$ 27	\$ 24	\$ 12	\$ (16)
Europe	532	42	38	26	16
South America	209	59	22	14	10
Asia Pacific	161	5	10	7	3
DCC				6	6
Other			(54)	(47)	(1)
Total operations	2,488	133	40	18	18
Unusual items excluded from performance measures			(2)		
Consolidated	\$ 2,488	\$ 133	\$ 38	\$ 18	\$ 18
2004					
ASG	\$ 1,712	\$ 45	\$ 103	\$ 71	\$ 40
HVTSG	578	9	39	24	10
DCC				7	7
Other	21	2	(59)	(52)	(7)
Total continuing operations	2,311	56	83	50	50
Discontinued operations			25	13	13
Total operations	2,311	56	108	63	63
Unusual items excluded from performance measures			(1)	2	2
Consolidated	\$ 2,311	\$ 56	\$ 107	\$ 65	\$ 65
North America	\$ 1,594	\$ 27	\$ 83	\$ 54	\$ 25
Europe	438	30	30	22	14
South America	130	44	18	11	9
Asia Pacific	149	1	8	5	2
DCC				7	7
Other			(56)	(49)	(7)
Total continuing operations	2,311	102	83	50	50
Discontinued operations			25	13	13
Total operations	2,311	102	108	63	63
Unusual items excluded from performance measures			(1)	2	2
Consolidated	\$ 2,311	\$ 102	\$ 107	\$ 65	\$ 65

Operating profit after tax (PAT) is the key internal measure of performance used by management, including our chief operating decision maker, as a measure of segment profitability. With the exception of DCC, Operating PAT represents earnings before interest and taxes (EBIT), tax-effected at 39% (our estimated long-term effective rate), plus equity in earnings of affiliates. Net Profit (Loss), which is Operating PAT less allocated corporate expenses and net interest expense, provides a secondary measure of profitability for our segments that is more comparable to that of a free-standing entity. The allocation is based on segment sales because it is readily calculable, easily

Table of Contents

understood and, we believe, provides a reasonable distribution of the various components of our corporate expenses among our business units.

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

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

	Three Months Ended March 31,	
	2005	2004
EBIT from continuing operations	\$ 40	\$ 83
Unusual items excluded from performance measures	(2)	(1)
Interest expense, excluding DCC	(35)	(38)
Interest income, excluding DCC	8	2
DCC pre-tax income (loss)	3	(11)
Income before income taxes	\$ 14	\$ 35

Our presentation of segment information includes separate reporting of Unusual items excluded from performance measures. These items include, among other things, gains and losses on divestitures and related expenses and restructuring expenses such as severance, lease continuation and asset impairment charges. The following table describes the Unusual items excluded from performance measures for the three months ended March 31, 2005 and 2004.

	Three Months Ended March 31, 2005		Three Months Ended March 31, 2004	
	EBIT	OPAT	EBIT	OPAT
Expenses related to DCC asset sales	\$ (2)	\$ (1)	\$ (1)	\$ —
Gain on DCC asset sales		1		2
	\$ (2)	\$ —	\$ (1)	\$ 2

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

Note 9. Discontinued Operations

In December 2003, we announced our intention to sell substantially all of our Automotive Aftermarket Group (AAG). These operations comprise the discontinued operations reported in our financial statements for the period ended March 31, 2004. The \$13 of income of discontinued operations consisted of pre-tax income of \$24 and tax expense of \$11. The sale of these operations was completed in November 2004 and had no impact on income for the three months ended March 31, 2005.

Note 10. Cash Deposits

At March 31, 2005, we maintained cash deposits of \$94 to provide credit enhancement for certain lease agreements and to support surety bonds that allow us to self-insure our workers compensation obligations. These financial instruments are expected to be renewed each year. A total of \$89 of the deposits may not be withdrawn.

Note 11. Goodwill

The changes in goodwill during the three months ended March 31, 2005, by segment, were as follows:

	Balance at December 31, 2004	Effect of Currency and Other	Balance at March 31, 2005
ASG	\$ 454	\$ (8)	\$ 446
HVTSG	123	(1)	122
Other	16		16
	<u>\$ 593</u>	<u>\$ (9)</u>	<u>\$ 584</u>

Goodwill is included in Investments and other assets in our condensed consolidated balance sheet.

Note 12. Restructuring of Operations

The following summarizes the activity in accrued restructuring expenses during the first three months of 2005:

	Employee Termination Benefits	Exit Costs	Total
Balance at December 31, 2004	\$ 55	\$ 15	\$ 70
Activity during the quarter:			
Charges to expense	1	2	3
Cash payments	(5)	(3)	(8)
Balance at March 31, 2005	<u>\$ 51</u>	<u>\$ 14</u>	<u>\$ 65</u>

The above amounts include charges included in operating performance which are related to the continuation of previously announced actions.

At March 31, 2005, \$65 of restructuring charges remained in accrued liabilities. This balance was comprised of \$51 for the termination of employees, including the announced termination of approximately 1,100 employees scheduled for the remainder of 2005, and \$14 for lease terminations and other exit costs. We estimate the related cash expenditures will be approximately \$39 in the remainder of 2005, \$18 in 2006 and \$8 thereafter. The amount of estimated cash expenditures for each period approximates the midpoint of the estimated range of cash expenditures for such period. We believe that our liquidity and future cash flows will be more than adequate to satisfy these obligations related to our restructuring plans.

Note 13. Contingencies

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

Asbestos-Related Product Liabilities. We had approximately 120,000 active pending asbestos-related product liability claims at March 31, 2005, compared to 116,000 at December 31, 2004. Included at both dates were 10,000 claims that were settled but awaiting final documentation and payment. We had accrued \$143 for indemnity and defense costs for these claims at March 31, 2005, compared to \$139 at December 31, 2004. The amounts accrued are based on our assumptions and estimates about the values of the claims and the likelihood of recoveries against us derived from our historical experience and current information. We cannot estimate possible losses in excess of those for which we have accrued because we cannot predict how many additional claims may be brought against us in the future, the allegations in such claims or their probable outcomes.

We have agreements with our insurance carriers providing for the payment of a significant majority of the defense and indemnity costs for the pending claims, as well as claims which may be filed against us in the future. We had recorded \$122 as an asset for probable recovery from our insurers for these claims at March 31, 2005, compared to \$118 at December 31, 2004. In addition to amounts related to pending claims, we had a net amount recoverable from our insurers and others of \$28 at March 31, 2005, compared to \$26 at December 31, 2004. This recoverable represents reimbursements for settled asbestos-related product liability claims and related defense costs, including billings in progress and amounts subject to alternate dispute resolution (ADR) proceedings with some of our insurers.

Other Product Liabilities – We had accrued \$9 for contingent non-asbestos product liability costs at March 31, 2005, compared to \$11 at December 31, 2004, with no recovery expected from third parties at either date. The difference between our minimum and maximum estimates for these liabilities was \$10 at both March 31, 2005 and December 31, 2004. We estimate these liabilities based on assumptions about the value of the claims and about the likelihood of recoveries against us, derived from our historical experience and current information. If there is a range of equally probable outcomes, we accrue the lower end of the range.

Environmental Liabilities – We had accrued \$68 for contingent environmental liabilities at March 31, 2005, compared to \$71 at December 31, 2004, with an estimated recovery of \$10 from other parties recorded at both March 31, 2005 and December 31, 2004. The difference between our minimum and maximum estimates for these liabilities was \$1 at both dates. We estimate these liabilities based on the most probable method of remediation, current laws and regulations, and existing technology. Estimates are made on an undiscounted basis and exclude the effects of inflation. If there is a range of equally probable remediation methods or outcomes, we accrue the lower end of the range.

Included in these accruals are amounts relating to the Hamilton Avenue Industrial Park Superfund site in New Jersey, where we are now one of four potentially responsible parties (PRPs). The site has three Operable Units. At March 31, 2005, we estimated

[Table of Contents](#)

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

Other Liabilities – Until 2001, most of our asbestos-related claims were administered, defended and settled by the Center for Claims Resolution (CCR), which settled claims for its member companies on a shared settlement cost basis. In that year, the CCR was reorganized and discontinued negotiating shared settlements. Since then, we have independently controlled our legal strategy and settlements, using Peterson Asbestos Consulting Enterprise (PACE), a unit of Navigant Consulting, Inc., to administer our claims, bill our insurance carriers and assist us in claims negotiation and resolution. Some former CCR members defaulted on the payment of their shares of some of the CCR-negotiated settlements and some of the settling claimants have sought payment of the unpaid shares from Dana and the other companies that were members of the CCR at the time of the settlements. We have been working with the CCR, other former CCR members, our insurers, and the claimants to resolve these issues. Due to the application in December 2004 of a portion of the payment received under the previously reported insurance settlement agreement, at March 31, 2005, we expected to pay a total of \$50 in connection with these matters, including \$47 already paid, and to recover a total of \$42, including \$29 already received. These amounts are unchanged from those reported as of December 31, 2004.

Assumptions — The amounts we have recorded for contingent asbestos-related liabilities and recoveries are based on assumptions and estimates reasonably derived from our historical experience and current information. The actual amount of our liability for asbestos-related claims and the effect on Dana could differ materially from our current expectations if our assumptions about the nature of the pending unresolved bodily injury claims and the claims relating to the CCR-negotiated settlements, the costs to resolve those claims and the amount of available insurance and surety bonds prove to be incorrect, or if currently proposed U.S. federal legislation impacting asbestos personal injury claims is enacted.

Note 14. Financing Agreements

We are party to two interest rate swap agreements under which we have agreed to exchange the difference between fixed rate and floating rate interest amounts on notional amounts corresponding with our August 2011 notes. Converting the fixed interest rate to a variable rate is intended to provide a better balance of fixed and variable rate debt. Our current fixed-for-variable swap agreements have both been designated as fair value hedges of the August 2011 notes. Based on the aggregate fair value of these agreements, we recorded a \$4 non-current liability at March 31, 2005, which was offset by a decrease in the carrying value of long-term debt. This adjustment of long-term debt, which does not affect the scheduled principal payments, will fluctuate with the fair value of the agreements and will not be amortized if the swap

Table of Contents

agreements remain open. Additional adjustments to the carrying value of long-term debt resulted from the modification or replacement of swap agreements, which generated cash receipts prior to 2004. These valuation adjustments, which are being amortized as a reduction of interest expense over the remaining life of the notes, totaled \$10 at March 31, 2005.

As of March 31, 2005, the interest rate swap agreements provided for us to receive an average fixed rate of 9.0% on a notional amount of \$114 and pay variable rates based on the London interbank offered rate (LIBOR), plus a spread. The average variable rate under these contracts approximated 8.1% as of March 31, 2005. The agreements expire in August 2011.

On March 4, 2005, we entered into a new \$400 long-term credit facility that will mature on March 4, 2010. The return of our bonds to an investment grade rating by two of the major rating agencies, the repurchase of nearly \$900 of our outstanding notes and the reduction in amounts available under the accounts receivable securitization program led to the replacement of the prior credit facility ahead of its November 2005 maturity. The interest rates under this new facility equal the London interbank offered rate (LIBOR) or the prime rate, plus a spread that varies depending on our credit ratings. The new facility requires us to meet specified financial ratios as of the end of calendar quarters, including the ratio of net senior debt to tangible net worth; the ratio of earnings before interest, taxes and depreciation and amortization (EBITDA) less capital spend to interest expense; and the ratio of net senior debt to EBITDA. The initial ratios were: (i) net senior debt to tangible net worth of not more than 1.10:1; (ii) EBITDA (as defined in the facility) minus capital expenditures to interest expense of not less than 2.00:1 through September 30, 2005 and 2.50:1 thereafter; and (iii) net senior debt to EBITDA of not greater than 2.75:1 through September 30, 2005 and 2.50:1 thereafter. Prior to the end of March, we amended the facility and modified the EBITDA minus capital expenditures to interest expense ratio applicable to March 31, 2005 to 1.5:1; the net senior debt to EBITDA ratio requirement as of March 31, 2005 was changed to 3:1. We were in compliance with all the covenants, including the original ratios detailed in (ii) and (iii) above, as of March 31, 2005. The ratio calculations are based on Dana's consolidated financial statements with DCC accounted for on an equity basis.

Based primarily on the levels of EBITDA and capital spend in the fourth quarter of 2004 and the first quarter of 2005, we expect that we will be required to further amend the facility to revise the covenants as of June 30 and September 30, 2005 as compliance with these covenants will be determined based on rolling four-quarter results. Noncompliance with these covenants would constitute an event of default, allowing the lenders to accelerate the repayment of any borrowings outstanding under the facility. We have initiated negotiations with the banks regarding the revision of the ratios. While no assurance can be given, we believe that we will be able to successfully negotiate amended covenants. However, if an event of default were to occur under the long-term credit facility, defaults might occur under our other debt instruments. Our business, results of operations and financial condition could be adversely affected if we were unable to successfully negotiate amended covenants or obtain waivers on acceptable terms.

We also have an accounts receivable securitization program. That program was modified in early January 2005 to reduce the maximum borrowing available from \$400 to \$200, reflecting the formal reduction in the program following the sale of the majority of our automotive aftermarket businesses. We entered into a new program in April that provides up to \$275 in borrowings. The amounts available under the program are subject to reduction based on adverse changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the underlying accounts receivable.

Note 15. Warranty Obligations

We record a liability for estimated warranty obligations at the date products are sold. Adjustments are made as new information becomes available. Changes in our warranty liability for the three months ended March 31, 2005 and 2004 follow.

[Table of Contents](#)

	Three Months Ended March 31,	
	2005	2004
Balance, beginning of period	\$ 80	\$ 91
Amounts accrued for current period sales	8	8
Adjustments of prior accrual estimates		1
Settlements of warranty claims	(9)	(10)
Foreign currency translation	(1)	
Balance, end of period	\$ 78	\$ 90

Warranty obligations are reported as current liabilities in the condensed consolidated balance sheet.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations*Dollars in millions***Market Outlook**

Our industry is prone to fluctuations in demand over the business cycle. Production levels in our key markets for the past three years, along with our outlook for 2005, are shown below.

	Production in Units			Dana's Outlook 2005
	2002	2003	2004	
Light vehicle (in millions):				
North America	16.4	15.9	15.8	15.7
Europe	20.8	19.6	20.5	20.7
Asia Pacific	18.1	20.5	21.8	22.7
South America	1.9	1.9	2.4	2.6
North American commercial vehicle (in thousands):				
Medium-duty (Class 5-7)	189	196	232	256
Heavy-duty (Class 8)	181	177	259	293
Off-Highway (in thousands)*				
North America	260	281	325	353
Europe	466	452	450	453
Asia-Pacific	443	480	526	549
South America	55	61	65	69

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

Although North American light-duty production levels have been relatively stable in recent years, a number of factors are negatively impacting our activity in this market. First-quarter 2005 production levels were down compared to last year. In total, light vehicle production year over year was down about 5%, with light truck production being down about 6% and passenger cars down about 3%. Our primary segment of the market is light trucks. In recent years, the light truck market has generally been stronger than passenger cars as consumer interest in sport utility and crossover vehicles increased. However, negatively impacting today's light truck market is the higher price of gasoline. The larger sport utility vehicles in particular have experienced a significant drop in demand, with production of a number of these vehicles down year over year more than 20%.

Negatively impacting us, as well, in this market has been the continuing market share decline experienced by our two biggest customers – Ford and GM. Whereas total light truck production in the first quarter of 2005 is down about 6%, light truck production of Ford and GM vehicles is down about 9% and 14%, respectively. Overall, inventories of light trucks continue to be somewhat higher than normal, raising the possibility of additional production cutbacks over the remainder of 2005. In an effort to minimize continued loss of market share, Ford and GM have continued to use incentives to stimulate sales. As light trucks have been important to Ford and GM profitability, the decline in production and use of incentives have put increasing pressure on their financial performance.

[Table of Contents](#)

A challenge that we and others in the light vehicle market face as a result of their declining profitability is the effect of continued price reduction pressure from our customers. Our largest customers in this market – the U.S.-based OE manufacturers – have experienced market share erosion to other international light vehicle manufacturers over the past few years. The more recent fall off in their light truck demand has intensified the situation even more. To the extent this trend continues, we expect the price reduction pressure will be ongoing. Our restructuring, divestitures and outsourcing initiatives have helped position us for this increasingly competitive landscape. As such, ongoing cost reduction programs, like our lean manufacturing and six sigma blackbelt programs, will continue to be important to improving our margins.

Given the current environment - high gas prices, higher than normal light truck inventories and the erosion of market share of our biggest customers – there is considerable uncertainty surrounding production levels in this market for the remainder of the year.

The commercial vehicle market, on the other hand, is relatively strong. In our biggest market, North America, first quarter 2005 Class 8 production approximated 75,000 units, up about 39% from the 54,000 units produced last year. The North American medium-duty commercial vehicle market has similarly been strong, with first quarter 2005 production up about 14% from a year ago. With inventories relatively stable and a strong order backlog, production for the remainder of the year in this market is expected to continue to be strong. A shortage of a key component during March delayed our production of certain heavy axles and adversely affected the volume of our shipments. Production of the component is stabilizing and we expect to reach maximum capacity for several months as we work to reduce the backlog of orders.

In our other markets – off highway, European commercial and light vehicles and light vehicles in the Asia Pacific and South American regions – we expect either stable or improving production demand in the remainder of 2005.

Commodity Costs

Steel and other raw material costs have had a significant impact on our results and those of others in our industry this year. With steel particularly, suppliers began assessing price surcharges and increasing base prices during the first quarter of 2004, and these have continued throughout the current year. The surcharges, as well as base prices, which increased over most of 2004, have leveled off in the past two quarters. A frequently used leading indicator for steel cost trends is the Tri-Cities #1 bundles scrap steel price index. Prices on this index more than doubled over the course of 2004 – peaking at \$431 per ton in the fourth quarter. At the end of this year's first quarter, the spot price of scrap steel on this index had declined to \$246. The price rose to \$269 in early April, but has remained close to that level ever since. With this decline in market scrap prices and some moderation of demand for steel, we are hopeful that steel costs will come down as we move through the year. However, the situation continues to be volatile and uncertain. As such, our forecast for the remainder of the year does not assume a significant drop in steel costs.

Of our annual \$1,200 in steel purchases, about 30% are in the form of raw steel from mills and processors, with the balance coming from components or products containing steel. While leverage is clearly on the side of the steel suppliers at the present time, we are managing the situation by consolidating purchases and taking advantage of OE manufacturers' resale programs where possible. We are also working with our customers to recover the cost of steel increases, either in the form of increased selling prices or reductions in price-downs that they expect from us.

[Table of Contents](#)

For the three months ended March 31, 2005, steel cost surcharges and price increases, net of recoveries from our customers, reduced our net income by approximately \$32 as compared to the first quarter of 2004.

Other Key Factors

Given the margin pressure from today's higher raw material costs and the continued pricing demands of our customers, an area of critical focus for us is reducing our cost structure. Actions underway today include global purchasing initiatives, deployment of lean manufacturing techniques, standardizing administrative processes and pursuing value engineering activities by working with our customers to redesign existing components.

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

Broadening our global presence is also increasingly important. Global sourcing presents opportunities to improve our competitive cost position, as well as to take advantage of the higher expected growth in emerging markets such as China and India.

Another key factor in our future success is technology. We are continuing to invest in advanced product and process technologies as we believe that they, as much as any factor, are critical to improving our competitive position and profitability. In keeping with these efforts, our recent moves to focus even more on our core OE markets will enable us to capitalize on the continuing trends toward modularity and systems integration in these markets.

New Business

Another major focus for us today is growing our top line – revenue – faster and profitably.

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

We expect net new business to contribute approximately \$470 to our 2005 sales and a total of \$1,100 in 2005 through 2007. The majority of this new business is outside North America with non-Big Three customers. Our efforts continued during this year's first quarter, as we added \$170 to our net new business coming on stream in the future. We are currently pursuing a number of additional opportunities which could further increase new business coming on stream for 2005, 2006 and later years.

Liquidity and Capital Resources

Cash Flows (First Three Months 2005 versus First Three Months 2004)

	Three Months Ended March 31,		Dollar
	2005	2004	Change
Cash Flows — Operating Activities:			
Net income	\$ 18	\$ 65	\$ (47)
Depreciation and amortization	83	93	(10)
Gains on divestitures and asset sales	(1)	(4)	3
Increase in operating working capital	(266)	(222)	(44)
Other	(37)	6	(43)
Net cash flows used in operating activities	\$ (203)	\$ (62)	\$ (141)

Net income for the first three months of 2005 dropped significantly when compared to the first quarter of 2004 with the effect of steel price increases accounting for \$32 of the decline and the divestiture of the automotive aftermarket businesses – accounted for as discontinued operations in 2004 – another \$13. Depreciation and amortization was \$10 lower in the first quarter of 2005, primarily the result of the recent divestiture of our automotive aftermarket businesses. Working capital increased as seasonal factors pushed trade receivables higher by \$235. We also purchased larger amounts of steel as a precaution against shortages and prepared to meet the backlog related to a component shortage, key factors behind an \$84 increase in inventory. The Other component in 2005 includes unremitted equity earnings, deferred tax benefits and a decrease in deferred compensation. Overall, cash flows used in operations totaled \$203 in the first three months of 2005, a \$141 increase from the \$62 used in the same period in 2004.

	2005	2004	Change
Cash Flows — Investing Activities:			
Purchases of property, plant and equipment	\$ (70)	\$ (79)	\$ 9
Payments received on leases and loans	4	4	—
Proceeds from asset sales	35	103	(68)
Payments from partnerships	64	6	58
Other	1	(5)	6
Net cash flows from investing activities	\$ 34	\$ 29	\$ 5

Capital spending in the first quarter of 2005 was \$9 less than the expenditures made in the comparable period in 2004 as we maintained tight control over expenditures. Proceeds from asset sales were significantly below the \$103 generated in the same period in 2004; however, the vast majority of payments received from partnerships represent proceeds from the sale of assets by a DCC investee. Overall, we generated \$34 from our investing activities in the first quarter of 2005, slightly more than the \$29 generated in the comparable period in 2004.

	2005	2004	Change
Cash Flows — Financing Activities:			
Net change in short-term debt	\$ 164	\$ 115	\$ 49
Payments of long-term debt	(20)	(259)	239
Issuance of long-term debt		5	(5)
Dividends paid	(18)	(18)	—
Other	(1)	5	(6)
Net cash flows from (used in) financing activities	\$ 125	\$ (152)	\$ 277

We made draws on the accounts receivable securitization program and the long-term facility to meet our working capital needs during the first quarter of 2005. The remainder of our debt transactions was generally limited to \$20 of debt repayments, including a \$10 scheduled payment at DCC, while dividend payments were even with the first quarter of 2004.

Our estimate of cash outlays related to restructuring activities is approximately \$39 for the remainder of 2005. Exclusive of our restructuring activities, we expect to reduce working capital by \$100 for the year.

Financing Activities – Committed and uncommitted credit lines enable us to make borrowings to supplement the cash flow generated by our operations. Excluding DCC, we had committed and uncommitted borrowing lines of \$1,173 at March 31, 2005. This amount included our new long-term credit facility in the amount of \$400, which matures in March 2010. The interest rates under this facility equal the London interbank offered rate (LIBOR) or the bank prime rate, plus a spread that varies depending on our credit ratings. We also have an accounts receivable securitization program to help meet our periodic demands for short-term financing. The program in place at March 31, 2005 provided up to a maximum of \$200 in borrowings, reflecting a formal reduction in the program following the sale of the majority of our automotive aftermarket businesses. We entered into a new program in April that provides up to \$275 in borrowings. The amount available under the new program is subject to reduction based on adverse changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the underlying accounts receivable. This program is subject to possible termination by the lenders in the event our credit ratings are lowered below Ba3 by Moody's and BB- by S&P. As of March 31, 2005, we were rated Ba2 by Moody's and BBB- by S&P. At March 31, 2005, borrowings outstanding under the various Dana lines consisted of \$87 drawn by non-U.S. subsidiaries against uncommitted lines, \$100 outstanding under the accounts receivable program and \$75 under the long-term credit facility.

Dana's long-term credit facility requires us to attain specified financial ratios as of the end of certain specified quarters, including the ratio of net senior debt to tangible net worth; the ratio of earnings before interest, taxes and depreciation and amortization (EBITDA) less capital spend to interest expense; and the ratio of net senior debt to EBITDA, with all terms as defined in the long-term credit facility. Specifically, the ratios are: (i) net senior debt to tangible net worth of not more than 1.1:1; (ii) EBITDA (as defined in the facility) minus capital expenditures to interest expense of not less than 1.5:1 at March 31, 2005, 2:1 at June 30 and September 30, 2005 and 2.5:1 at December 31, 2005 and thereafter; and (iii) net senior debt to EBITDA of not greater than 3:1 at March 31, 2005, 2.75:1 at June 30 and September 30, 2005 and 2.5:1 at December 31, 2005 and thereafter. The facility was initially amended during March 2005 to modify two of the ratio requirements at March 31, 2005. The EBITDA minus capital expenditures to

Table of Contents

interest expense ratio was changed from 2:1 to 1.5:1 and the requirement under the net senior debt to EBITDA ratio was changed from 2.75:1 to 3:1. The ratio calculations are based on Dana's consolidated financial statements with DCC accounted for on an equity basis. We were in compliance with all ratio requirements at March 31, 2005, including the covenants that existed prior to the March amendment.

Based primarily on the levels of EBITDA and capital spend in the fourth quarter of 2004 and the first quarter of 2005, we expect that we will be required to further amend the facility to revise the covenants as of June 30 and September 30, 2005 as compliance with these covenants will be determined based on rolling four-quarter results. Noncompliance with these covenants would constitute an event of default, allowing the lenders to accelerate the repayment of any borrowings outstanding under the facility. We have initiated negotiations with the banks regarding the revision of the ratios. While no assurance can be given, we believe that we will be able to successfully negotiate amended covenants. However, if an event of default were to occur under the long-term credit facility, defaults might occur under our other debt instruments. Our business, results of operations and financial condition could be adversely affected if we were unable to successfully negotiate amended covenants or obtain waivers on acceptable terms.

We expect our cash flows from operations, combined with our long-term credit facility, amended as contemplated above, and our accounts receivable securitization program, to provide sufficient liquidity to fund our debt service obligations, projected working capital requirements, restructuring obligations and capital spending for a period that includes the next twelve months.

Hedging Activities — At March 31, 2005, we had a number of open forward contracts to hedge against certain anticipated cross-currency purchase and sale commitments. These forward contracts are for a short duration and none extends beyond the first quarter of 2006. The aggregate fair value of these contracts is a favorable amount of less than \$1. These contracts have been valued by independent financial institutions using the exchange spot rates on March 31, 2005, plus or minus quoted forward basis points, to determine a settlement value for each contract.

In order to provide a better balance of fixed and variable rate debt, we have two interest rate swap agreements in place to effectively convert the fixed interest rate on a portion of our August 2011 notes to variable rates. These swap agreements have been designated as fair value hedges and the impact of the change in their value is offset by an equal and opposite change in the carrying value of the notes. Under these agreements, we receive an average fixed rate of interest of 9.0% on notional amounts of \$114 and we pay a variable rate based on LIBOR, plus a spread. As of March 31, 2005, the average variable rate under these agreements was 8.1%. The swap agreements expire in August 2011, coinciding with the term of the hedged notes. Based on the aggregate fair value of these agreements at March 31, 2005, we recorded a non-current liability of \$4 and offset the carrying value of long-term debt. This adjustment of long-term debt, which does not affect the scheduled principal payments, will fluctuate with the fair value of the swap agreements and will not be amortized if the swap agreements remain open.

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

[Table of Contents](#)

The following table summarizes our fixed cash obligations over various future periods as of March 31, 2005.

Contractual Cash Obligations	Total	Payments Due by Period			
		Less than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Principal of Long-Term Debt	\$ 2,049	\$ 44	\$ 557	\$ 431	\$ 1,017
Operating Leases	410	78	124	94	114
Unconditional Purchase Obligations	92	85	7		
Other Long-Term Liabilities	1,382	211	260	264	647
Total Contractual Cash Obligations	\$ 3,933	\$ 418	\$ 948	\$ 789	\$ 1,778

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

We have a number of sourcing arrangements with suppliers for various component parts used in the assembly of certain of our products. These arrangements include agreements to procure certain outsourced components that we had manufactured ourselves in earlier years. These agreements do not contain any specific minimum quantities that we must order in any given year, but generally require that we purchase the specific component exclusively from the supplier over the term of the agreement. Accordingly, our cash obligations under these agreements are not fixed.

Other Long-Term Liabilities include estimated obligations under our retiree healthcare programs and the estimated 2005 contributions to our U.S. defined benefit pension plans. Obligations under the retiree healthcare programs are not fixed commitments and will vary depending on various factors, including the level of participant utilization and inflation. Our estimates of the payments to be made through 2009 considered recent payment trends and certain of our actuarial assumptions. We have not estimated pension contributions beyond 2005 due to the significant impact that return on plan assets and changes in discount rates might have on such amounts.

In addition to fixed cash commitments, we may have future cash payment obligations under arrangements where we are contingently obligated if certain events occur or conditions were present. We have guaranteed \$1 of short-term borrowings of a non-U.S. affiliate accounted for under the equity method of accounting. We have also guaranteed the performance of a wholly-owned consolidated subsidiary under several operating leases. The operating leases require the subsidiary to make monthly payments at specified amounts and guarantee, up to a stated amount, the residual value of the assets at the end of the lease. The guarantees are for periods of from five to seven years or until termination of the lease. We have recorded a liability and corresponding prepaid amount of \$3 relating to these guarantees. In the event of a default by our subsidiary, we would be required to fulfill its obligations under the operating lease.

We procure tooling from a variety of suppliers. In certain instances, in lieu of making progress payments on tooling that our customer will eventually own, we may guarantee a tooling supplier's obligations under its credit facility secured by the specific tooling purchase order. Our

[Table of Contents](#)

Board authorization permits us to issue tooling guarantees up to \$80 for these programs. There were no guarantees outstanding under these programs at March 31, 2005.

Included in cash and cash equivalents at March 31, 2005 are cash deposits of \$94 to provide credit enhancement of certain lease agreements and to support surety bonds that allow us to self-insure our workers compensation obligations. A total of \$89 of the deposits may not be withdrawn. These financial instruments are expected to be renewed each year. We accrue the estimated liability for workers compensation claims, including incurred but not reported claims. Accordingly, no significant impact on our financial condition would result if the surety bonds were called.

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

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

Asbestos-Related Product Liabilities. We had approximately 120,000 active pending asbestos-related product liability claims at March 31, 2005, compared to 116,000 at December 31, 2004. Included at both dates were 10,000 claims that were settled but awaiting final documentation and payment. We had accrued \$143 for indemnity and defense costs for these claims at March 31, 2005, compared to \$139 at December 31, 2004. The amounts accrued are based on our assumptions and estimates about the values of the claims and the likelihood of recoveries against us derived from our historical experience and current information. We cannot estimate possible losses in excess of those for which we have accrued because we cannot predict how many additional claims may be brought against us in the future, the allegations in such claims or their probable outcomes.

We have agreements with our insurance carriers providing for the payment of a significant majority of the defense and indemnity costs for the pending claims, as well as claims which may be filed against us in the future. We had recorded \$122 as an asset for probable recovery from our insurers for these claims at March 31, 2005, compared to \$118 at December 31, 2004. In addition to amounts related to pending claims, we had a net amount recoverable from our insurers and others of \$28 at March 31, 2005, compared to \$26 at December 31, 2004. This recoverable represents reimbursements for settled asbestos-related product liability claims and related defense costs, including billings in progress and amounts subject to alternate dispute resolution (ADR) proceedings with some of our insurers.

Table of Contents

Other Product Liabilities – We had accrued \$9 for contingent non-asbestos product liability costs at March 31, 2005, compared to \$11 at December 31, 2004, with no recovery expected from third parties at either date. The difference between our minimum and maximum estimates for these liabilities was \$10 at both March 31, 2005 and December 31, 2004. We estimate these liabilities based on assumptions about the value of the claims and about the likelihood of recoveries against us, derived from our historical experience and current information. If there is a range of equally probable outcomes, we accrue the lower end of the range.

Environmental Liabilities – We had accrued \$68 for contingent environmental liabilities at March 31, 2005, compared to \$71 at December 31, 2004, with an estimated recovery of \$10 from other parties recorded at both March 31, 2005 and December 31, 2004. The difference between our minimum and maximum estimates for these liabilities was \$1 at both dates. We estimate these liabilities based on the most probable method of remediation, current laws and regulations, and existing technology. Estimates are made on an undiscounted basis and exclude the effects of inflation. If there is a range of equally probable remediation methods or outcomes, we accrue the lower end of the range.

Included in these accruals are amounts relating to the Hamilton Avenue Industrial Park Superfund site in New Jersey, where we are now one of four potentially responsible parties (PRPs). The site has three Operable Units. At March 31, 2005, we estimated our liability for future remedial work and past costs incurred by the United States Environmental Protection Agency (EPA) relating to off-site soil contamination at Unit 1 to be approximately \$1, based on the remediation performed at this Unit to date and our assessment of the likely allocation of costs among the PRPs. At that date, we also estimated our liability for future remedial work relating to on-site soil contamination at Unit 2 to be approximately \$14, taking into consideration the \$69 remedy proposed by the EPA in a Record of Decision issued in September 2004 and our assessment of the most likely remedial activities and allocation of costs among the PRPs, and our liability for the costs of a remedial investigation and feasibility study pertaining to groundwater contamination at Unit 3 to be less than \$1, based on our expectations about the study that is likely to be performed and the likely allocation of costs among the PRPs.

Other Liabilities – Until 2001, most of our asbestos-related claims were administered, defended and settled by the Center for Claims Resolution (CCR), which settled claims for its member companies on a shared settlement cost basis. In that year, the CCR was reorganized and discontinued negotiating shared settlements. Since then, we have independently controlled our legal strategy and settlements, using Peterson Asbestos Consulting Enterprise (PACE), a unit of Navigant Consulting, Inc., to administer our claims, bill our insurance carriers and assist us in claims negotiation and resolution. Some former CCR members defaulted on the payment of their shares of some of the CCR-negotiated settlements and some of the settling claimants have sought payment of the unpaid shares from Dana and the other companies that were members of the CCR at the time of the settlements. We have been working with the CCR, other former CCR members, our insurers, and the claimants to resolve these issues. Due to the application in December 2004 of a portion of the payment received under the previously reported insurance settlement agreement, at March 31, 2005, we expected to pay a total of \$50 in connection with these matters, including \$47 already paid, and to recover a total of \$42, including \$29 already received. These amounts are unchanged from those reported as of December 31, 2004.

Assumptions – The amounts we have recorded for contingent asbestos-related liabilities and recoveries are based on assumptions and estimates reasonably derived from our historical experience and current information. The actual amount of our liability

for asbestos-related claims and the effect on Dana could differ materially from our current expectations if our assumptions about the nature of the pending unresolved bodily injury claims and the claims relating to the CCR-negotiated settlements, the costs to resolve those claims and the amount of available insurance and surety bonds prove to be incorrect, or if currently proposed U.S. federal legislation impacting asbestos personal injury claims is enacted.

Critical Accounting Estimates

General

The preparation of interim financial statements involves the use of certain estimates that differ from those used in the preparation of the annual financial statements, the most significant of which relates to income taxes. For purposes of preparing our interim financial statements we utilize an estimated annual effective tax rate for ordinary items that is re-evaluated each period based on changes in the components used to determine the annual effective rate.

Change in Stock Option Valuation Method

As discussed in Note 2, we modified the method used to determine the fair value of stock options in the first quarter of 2005 to the binomial method. Our critical accounting estimates, as described in our 2004 Form 10-K, are unchanged.

Results of Operations (First Quarter 2005 versus First Quarter 2004)

We are organized into two market-focused business units - Automotive Systems Group (ASG) and Heavy Vehicle Technologies and Systems Group (HVTSG). Accordingly, our segments are our business units and DCC.

Sales of our continuing operations by region for the first quarter of 2005 and 2004 were as follows:

	Three Months Ended March 31,		Dollar Change	% Change	Dollar Change Due To		
	2005	2004			Currency Effects	Acquisitions/Divestitures	Organic Change & Other
North America	\$ 1,586	\$ 1,594	\$ (8)	(1)%	\$ 16		\$ (24)
Europe	532	438	94	21%	26		68
South America	209	130	79	61%	15		64
Asia Pacific	161	149	12	8%	3	9	—
	<u>\$ 2,488</u>	<u>\$ 2,311</u>	<u>\$ 177</u>	8%	<u>\$ 60</u>	<u>\$ 9</u>	<u>\$ 108</u>

Organic change presented in the table is the residual change in sales after excluding the effects of acquisitions, divestitures and currency movements. The strengthening of certain international currencies against the U.S. dollar since the first quarter of 2004 played a significant role in increasing our 2005 sales. In North America, the stronger Canadian dollar helped cushion the sales decline, but overall sales in the region were down. In Europe, the euro and the British pound strengthened, while in Asia Pacific the increase was led by the effect of the stronger Australian dollar.

The net decrease in organic sales in North America is due primarily to lower production levels in the light vehicle market. First quarter production of all light vehicles was down approximately 5%. Production in the light truck segment – our primary light-duty market – was down by about 6%. Partially offsetting the sales decline associated with lower light vehicle production were higher production levels in both the medium-duty and heavy-duty commercial vehicle markets. The Class 8 commercial vehicle market in North America experienced an increase in production to approximately 75,000 units in the first quarter of 2005 from 54,000 units in the same period in 2004. While not as significant as in the Class 8 segment, growth in the medium-duty segment was also strong as unit production increased around 14% from the same period last year.

In Europe, the organic sales growth resulted from stronger commercial vehicle and off-highway markets, and from new business that came on stream in 2004 and 2005. In South America, the organic sales increase reflects new business in ASG as well as stronger light vehicle production.

[Table of Contents](#)

Sales by segment for 2005 and 2004 are presented in the following table. DCC did not record sales in either year. The "Other" category in the table represents facilities that have been closed or sold and operations not assigned to a segment, but excludes discontinued operations.

Business Unit Sales Analysis

	Three Months Ended March 31,		Dollar Change	% Change	Dollar Change Due To		
	2005	2004			Currency Effects	Acquisitions/Divestitures	Organic Change & Other
ASG	\$ 1,810	\$ 1,712	\$ 98	6%	\$ 46	\$ 9	\$ 43
HVTSG	674	578	96	17%	14		82
Other	4	21	(17)	(81)%	—		(17)
	<u>\$ 2,488</u>	<u>\$ 2,311</u>	<u>\$ 177</u>	8%	<u>\$ 60</u>	<u>\$ 9</u>	<u>\$ 108</u>

ASG principally serves the light vehicle market, with some driveshaft sales to the commercial vehicle market. The organic sales increase was due primarily to the stronger commercial vehicle market, which experienced higher Class 8 production of about 39% and higher medium-duty production of around 14% in North America and stronger overall light-duty markets in South America and Asia Pacific. This more than offset the lower production levels in ASG's primary market – the North American light truck market – which was down about 6% compared to the first quarter of last year.

HVTSG focuses on the commercial vehicle and off highway markets. More than 90% of HVTSG's sales are in North America and Europe. In the commercial vehicle markets in both North America and Europe, production levels were much stronger, with the North American Class 8 and medium-duty segments being up significantly, as previously noted. In off highway, global production levels in our key market segments, including construction, agricultural and material handling, are up about % in 2005. Most of our sales are in North America and Europe where certain segments are experiencing even higher production demands. Our off highway business is also benefiting from new customer programs which added to current year sales.

	2005	2004	Dollar Change
Revenue from lease financing and other income (expense)	\$ 32	\$ 14	\$ 18

Leasing revenue is \$7 higher, primarily due to last year's results including pre-tax losses on the sale of lease assets by DCC. Interest income increased \$5, due in part to interest on a note receivable obtained in connection with our sale of the majority of our automotive aftermarket businesses in November 2004.

[Table of Contents](#)

An analysis of our 2005 and 2004 gross and operating margins and selling, general and administrative expenses relative to sales is presented in the following table.

Gross and Operating Margin Analysis

Three Months Ended March 31,

	As a Percentage of Sales		Increase / (Decrease)	% Change
	2005	2004		
Gross Margin:				
ASG	6.40%	9.10%	(2.70)%	(29.67)%
HVTSG	10.19%	12.45%	(2.26)%	(18.15)%
Consolidated	6.49%	8.92%	(2.43)%	(27.24)%
Selling, general and administrative expenses:				
ASG	3.96%	3.84%	0.12%	3.13%
HVTSG	4.98%	5.81%	(0.83)%	(14.29)%
Consolidated	5.47%	5.80%	(0.33)%	(5.69)%
Operating margin:				
ASG	2.44%	5.26%	(2.82)%	(53.61)%
HVTSG	5.20%	6.64%	(1.44)%	(21.69)%
Consolidated	1.02%	3.12%	(2.10)%	(67.31)%

In the ASG, the reduction in gross margins was due mainly to a year-over-year increase in steel costs of \$38. Outside North America, ASG had some success recovering higher steel costs from customers. However, the major North American automotive companies have generally resisted accepting any price increases associated with steel surcharges. Adjusting for the higher steel costs, ASG's gross margins in 2005 would have been 8.50%. Although sales were higher, the mix of business, pricing reductions, and inflationary cost increases also negatively impacted 2005 margins. The negative impact to margin from these factors was partially offset by various process cost reduction initiatives from programs like lean manufacturing and Six Sigma.

HVTSG margins were similarly reduced by higher year-over-year steel costs, net of customer recoveries, of approximately \$14. Removing the impact of higher net steel costs, HVTSG gross margins were 12.27%. Additionally, margins were negatively impacted by a component shortage from a principal supplier in March of this year which resulted in reduced shipments of heavy-duty axles and higher operating costs. Absent these two factors, gross margins in HVTSG exceeded those of the prior year, as the group benefited from overall higher sales.

Consolidated selling, general and administrative (SG&A) expenses of \$136 in the first quarter of 2005 were up from \$134 in the comparative period in 2004. SG&A expenses within our manufacturing operations remained flat as a percentage of sales. Within the gradual phase-out of our leasing operations, SG&A expenses at DCC were lower, resulting in a lower consolidated SG&A expense as a percent of sales.

	2005	2004	Dollar Change
Income before income taxes	\$ 14	\$ 35	\$ (21)

Operating margin was \$24 in the first quarter of 2005, down from \$72 in the same period in 2004. As discussed previously, gross margins in our two manufacturing business segments were negatively impacted by higher steel cost, net of customer

Table of Contents

recoveries, of \$52. The lower operating margin was partially offset by higher other income of \$18 (previously discussed) and by lower interest expense of \$8 due primarily to lower overall debt levels.

	<u>2005</u>	<u>2004</u>	<u>Dollar Change</u>
Income tax benefit	\$ —	\$ 3	\$ (3)

We recognized income tax benefits in the first quarter of both 2005 and 2004 that resulted in net tax provisions that were more favorable than would be expected at the U.S. statutory rate of 35%. The income tax benefit of less than \$1 reported for the first quarter of 2005 was \$5 more favorable than the expense expected using a 35% rate. The primary factor generating this additional benefit was the release of \$4 of valuation allowances against tax assets resulting from net operating losses of our Japanese subsidiary whose profitability outlook was determined to no longer require any valuation allowance. For the same period in 2004, the income tax benefit of \$3 was \$15 more favorable than an anticipated expense provision of \$12 derived by applying a 35% rate. The most significant favorable impact in 2004 related to utilization of capital loss carryforwards. Since the benefit of capital losses can only be realized by generating capital gains, a valuation allowance was recorded against the deferred tax asset representing the unused capital loss benefit. The valuation allowance is subsequently reduced when transactions generating capital gains occur, or are more likely than not to occur. The estimated annual effective tax rate estimated for interim tax purposes does not include any estimate for the utilization of the capital loss carryforward because we treat qualifying asset sales as discrete events. During the first quarter of 2004, we released \$10 of the valuation allowance against our capital loss carryforward due primarily to the sale of certain DCC assets.

	<u>2005</u>	<u>2004</u>	<u>Dollar Change</u>
Equity in earnings of affiliates	\$ 7	\$ 17	\$ (10)

Equity earnings from our two largest equity affiliates were down \$8, due primarily to higher costs for steel and other raw materials and lower sales volume.

Forward-Looking Information

Forward-looking statements in this report are indicated by words such as “anticipates,” “expects,” “believes,” “intends,” “plans,” “estimates,” “projects” and similar expressions. These statements represent our expectations based on current information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Our actual results could differ materially from those which are anticipated or projected due to a number of factors. These factors include national and international economic conditions; adverse effects from terrorism or hostilities; the strength of other currencies relative to the U.S. dollar; increases in commodity costs, including steel, that cannot be recouped in product pricing; changes in business relationships with our major customers and in the timing, size and continuation of their programs; the ability of our customers and suppliers to achieve their projected sales and production levels; the continued availability of necessary goods and services from our suppliers; competitive pressures on our sales and pricing; the continued success of our cost reduction and cash management programs, long-term transformation and U.S. tax loss carryforward utilization strategies and other factors set out elsewhere in this report, including those discussed under the captions *Financing Activities* and *Contingencies* within Liquidity and Capital Resources.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our exposures to market risk since December 31, 2004.

The financing activities of the first three months of 2005 are described in Management's Discussion and Analysis of Financial Condition and Results of Operations within this Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have evaluated Dana's disclosure controls and procedures, as defined in the SEC rules, as of the end of the first quarter and have concluded that such controls and procedures are effective.

There were no changes in Dana's internal control over financial reporting identified in connection with the evaluation by the CEO and CFO that occurred during Dana's first quarter that have materially affected or are reasonably likely to materially affect Dana's internal controls over financial reporting.

PART II. OTHER INFORMATION**ITEM 1. 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.

Since our annual report on Form 10-K for the year ended December 31, 2004, there have not been any material developments in our previously reported pending litigation and environmental proceedings or any new litigation or environmental proceedings that are required to be reported in this quarterly report.

You can find more information about our legal proceedings under "Note 13. Contingencies" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Period	Total Number of Shares Purchased	Average Price Paid per Share
January 2005	2,882	\$ 16.94
February 2005	—	—
March 2005	17,520	14.36
	<u>20,402</u>	<u>\$ 14.72</u>

The above shares were repurchased in connection with (1) the vesting of restricted stock grants to satisfy the required payment of withheld income taxes and (2) the exercise of stock options to satisfy the payment of the exercise price and/or withheld income taxes.

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

The results of voting by shareholders present in person or represented by proxy at our annual meeting on April 18, 2005 are as follows.

Table of Contents

Proposal 1. Election of Directors. The following persons were elected to serve as directors of Dana until the next annual meeting or until their successors are elected:

	Votes For	Votes Withheld
A. C. Baillie	124,046,713	3,244,995
D. E. Berges	124,504,730	2,786,978
M. J. Burns	123,401,140	3,890,568
E. M. Carpenter	123,464,933	3,826,775
R. M. Gabrys	124,475,264	2,816,444
S. G. Gibara	124,451,162	2,840,545
C. W. Gris�	124,504,602	2,787,105
J. P. Kelly	124,538,597	2,753,111
M. R. Marks	122,846,749	4,444,958
R. B. Priory	124,453,269	2,838,438

Proposal 2. Ratification of Selection of Independent Auditors. The selection of PricewaterhouseCoopers LLP as Dana's independent auditors for fiscal year 2005 was ratified. There were 124,695,595 votes for ratification, 2,368,217 votes against, 227,895 votes abstaining and no broker non-votes.

ITEM 6. EXHIBITS

The Exhibits listed in the "Exhibit Index" are filed with or furnished as a part of this report. Exhibit No. 10-D(3) is a compensatory plan in which directors participate.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DANA CORPORATION

Date: May 6, 2005

/s/ Robert C. Richter

Robert C. Richter
Chief Financial Officer

EXHIBIT INDEX

NO.	DESCRIPTION	METHOD OF FILING
4-T	Indenture for Senior Securities between Dana Corporation, as Issuer, and Citibank, N.A., as Trustee, dated as of December 10, 2004	Filed by reference to Exhibit 4-T to Amendment No. 1 to our Registration Statement No. 333-123924 filed on April 25, 2005
4-T(1)	First Supplemental Indenture between Dana Corporation, as Issuer, and Citibank, N.A., as Trustee, dated as of December 10, 2004	Filed by reference to Exhibit 4-T(1) to Amendment No. 1 to our Registration Statement No. 333-123924 on filed April 25, 2005
4-T(2)	Form of Rule 144A Global Notes and Regulation S Global Notes (form of exchange securities) for 5.85% Notes due January 15, 2015	Filed by reference to Exhibit 4T(2) to Amendment No. 1 to our Registration Statement No. 333-123924 filed on April 25, 2005
10-D(3)	Third Amendment to Director Deferred Fee Plan	Filed by reference to Exhibit 99.1 to our Form 8-K filed on April 12, 2005
10-U(1)	Sale and Purchase Agreement for the Acquisition of Fifty Percent (50%) of the Registered Capital of Dongfeng Axle Co., Ltd. among Dongfeng Motor Co., Ltd., Dongfeng (Shiyao) Industrial Company, Dongfeng Motor Corporation and Dana Mauritius Limited, dated March 10, 2005	Filed with this report
10-U(2)	Equity Joint Venture Contract between Dongfeng Motor Co., Ltd. and Dana Mauritius Limited, dated March 10, 2005	Filed with this report
10-V	Human Resources Management and Administration Master Services Agreement between Dana Corporation and International Business Machines Corporation, dated March 31, 2005	Filed with this report
31-A	Rule 13a-14(a)/15d-14(a) Certification by Chief Executive Officer	Filed with this report
31-B	Rule 13a-14(a)/15d-14(a) Certification by Chief Financial Officer	Filed with this report
32	Section 1350 Certifications	Furnished with this report

**** indicates where a confidential portion has been omitted and filed separately with the Commission

THIS SALE AND PURCHASE AGREEMENT is made on March 10, 2005 (this AGREEMENT).

BETWEEN

- (1) DONGFENG MOTOR CO., LTD., a Sino-Japanese equity joint venture with limited liability duly established and validly existing under the laws the People's Republic of China whose registered address is at 84 Baiye Road, Wuhan Economic Development Zone, Wuhan, Hubei Province, People's Republic of China (DFL). The legal representative of DFL is Miao Wei, a national of the PRC, who holds the position of chairman of the board.
- (2) DONGFENG (SHIYAN) INDUSTRIAL COMPANY, a company with limited liability duly established and validly existing under the laws the People's Republic of China whose registered address is at No. 66 Gongyuan Road, Shiyan, Hubei Province, People's Republic of China (DONGFENG INDUSTRY). The legal representative of Dongfeng Industry is Li Zhenhua, a national of the PRC, who holds the position of chairman of the board.
- (3) DONGENG MOTOR CORPORATION, a state-owned enterprise with limited liability duly established and validly existing under the laws the People's Republic of China whose registered address is at No. 8 Checheng Road, Wuhan Economic and Technological Development Zone, Wuhan, Hubei Province, People's Republic of China (DFM). The legal representative of DFM is Miao Wei, a national of the PRC, who holds the position of chairman of the board.
- (4) DANA MAURITIUS LIMITED, a company with limited liability duly established and validly existing under the laws of the Republic of Mauritius whose principal place of business is at Level 6, One Cathedral Square, Pope Hennessy Street, Port Louis, Mauritius (DANA). The legal representative of Dana is Robert E. Pollock, a national of the USA, who holds the position of Director.

WHEREAS

(A) Dongfeng Axle Co., Ltd. (Business License Registration Number 4206001330066) is a domestic company with limited liability duly established and validly existing under the laws of the People's Republic of China whose registered address is at 10th Floor, Torch Building, Hi-Tech Industry Development Zone, Xiangfan, Hubei Province, PRC (the COMPANY).

(B) The Company has a registered capital of RMB Five Hundred Million Yuan (RMB500,000,000).

(C) DFL owns seventy-nine and 23/100 percent (79.23%) of the registered capital in the Company; Dongfeng Industry owns ten and 96/100 percent (10.96%) of the registered capital in the Company; DFM owns nine and 81/100 percent (9.81%) of the registered capital in the Company.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

(D) DFL has agreed to sell twenty-nine and 23/100 percent (29.23%) of the registered capital in the Company (the DFL INTEREST), Dongfeng Industry has agreed to sell ten and 96/100 percent (10.96%) of the registered capital in the Company (the DONGFENG INDUSTRY INTEREST), and DFM has agreed to sell nine and 81/100 percent (9.81%) of the registered capital in the Company (the DFM INTEREST), to Dana on the terms and conditions set out in this Agreement.

(E) Dana has agreed to purchase the DFL Interest, Dongfeng Industry Interest and DFM Interest from DFL, Dongfeng Industry and DFM respectively relying on the representations and warranties jointly made by DFL, Dongfeng Industry and DFM as set out in this Agreement and on the terms and conditions hereof.

(F) Upon completion of the transfer of the DFL Interest, the Dongfeng Industry Interest and the DFM Interest to Dana as contemplated under this Agreement, the Company will then be converted into a Sino-foreign equity joint venture (the JV) and be renamed to Dongfeng Dana Axle Co., Ltd., in which DFL and Dana will each hold fifty percent (50%) of the registered capital in the JV.

(G) Furthermore, DFL and Dana intend to govern their future relationship in accordance with this Agreement, the New JVC and the New Articles.

NOW THEREFORE, IT IS AGREED as follows:

1. INTERPRETATION

1.1 Words and expressions used in this Agreement (including the Recitals and the Schedules and Exhibits) shall have the meanings set out in Schedule 1.1, unless the context requires otherwise.

1.2 In this Agreement, unless the context otherwise requires:

- (a) the HEADINGS are inserted for convenience only and shall not affect the construction of this Agreement; and
- (b) any statement qualified by the expression TO THE BEST KNOWLEDGE OF SELLER, KNOWN TO SELLER or SO FAR AS SELLER IS AWARE or any similar expression shall be deemed to include an additional statement that it has been made after due and careful enquiry and shall be deemed to include the knowledge of each Seller, the Company and the General Manager, Deputy General Manager, Department Manager, Section Manager and any officer in any similar capacity of any of the Sellers or the Company, excluding any employee of Dana.

1.3 The Schedules and Exhibits comprise schedules and exhibits to this Agreement and form part of this Agreement.

2. SALE OF THE TRANSFERRED INTERESTS AND PURCHASE PRICE

2.1 Subject to and in accordance with the terms and conditions of this Agreement, the Sellers shall sell and assign, and Dana shall purchase the Transferred Interests free

**** indicates where a confidential portion has been omitted and filed separately with the Commission

from any and all Encumbrances together with all rights which, starting from the Completion Date, will be or may become, attached thereto.

2.2 For the avoidance of doubt, any rights attaching to the Transferred Interests referred to in clause 2.1 shall not be taken to include the benefits of any rebate or credit which:

- (a) may be provided by any third party to the JV after Completion; and
- (b) arises as a result of any overpayment by the Company for any liabilities and/or obligations of the Company (which have been fully discharged prior to Completion) during the period in which the Sellers hold any equity in the capital of the Company prior to Completion.

The Parties agree that to the extent that the JV receives any such rebate or credit from such third party, the JV shall:

- (c) promptly notify Dana and the Sellers the nature and amount of any such rebate or credit; and
- (d) reimburse to each Seller an amount equivalent to:
 - (i) the amount of the net benefit received by the JV after the payment of Taxation in connection therewith multiplied by
 - (ii) the equity ratio of such Seller with regard to the registered capital of the Company as at Completion,

within 90 days after the JV receives the benefit of any such rebate or credit.

2.3 In consideration of the transfer to Dana of the Transferred Interests, Dana shall pay the Sellers the total price of Renminbi Four Hundred and Eighty-Five Million (RMB485,000,000) (the PURCHASE PRICE) with the amount of Renminbi Two Hundred Eighty-Three Million and Five Hundred Thirty-One Thousand (RMB283,531,000) payable to DFL, the amount of Renminbi One Hundred and Six Million and Three Hundred and Twelve Thousand (RMB106,312,000) payable to Dongfeng Industry and the amount of Renminbi Ninety-Five Million and One Hundred Fifty-Seven Hundred (RMB95,157,000) payable to DFM in accordance with the payment terms set forth in Schedule 2.3 and subject to the terms and conditions set forth herein.

2.4 By signing this Agreement, each of the Sellers expressly and unconditionally consents to Dana's acquisition of all of the Transferred Interests from the respective Sellers and agrees not to exercise any right of first refusal (if any) with regard to any part of the Transferred Interest arising by reason of Dana's such acquisition.

3. CONDITIONS PRECEDENT

3.1 Completion is conditional upon the Conditions Precedent set out in Schedule 3.1 being fulfilled.

3.2 The Sellers shall use all reasonable endeavours to ensure that the Conditions

**** indicates where a confidential portion has been omitted and filed separately with the Commission

Precedent are to be fulfilled as soon as possible after the date of this Agreement. Such reasonable endeavours shall include the Sellers jointly and individually, as promptly as practicable, taking all steps reasonably necessary or desirable (including making filings and notifications) to obtain all consents, approvals or actions of any Governmental Entity which are required in order to complete the sale and purchase of the Transferred Interests including those required to satisfy the relevant Condition Precedent.

3.3 Dana shall notify the Sellers in writing as soon as all Conditions Precedent have been fulfilled or waived by Dana. The first Business Day in the United States of America on or by which, prior to 4.00 p.m., all Conditions Precedent have been fulfilled or waived by Dana as indicated by Dana in writing in accordance with the provisions of the preceding sentence of this clause 3.3 shall be deemed to be the RECORD DATE.

3.4 If any of the Conditions Precedent has not been fulfilled in all material respects (or waived in accordance with clause 3.3 above) on or before the Longstop Date, this Agreement (other than the Surviving Provisions) shall automatically terminate in which case none of the Parties shall have any claim of any nature whatsoever against any other Party(ies) under this Agreement (save in respect of any rights and liabilities of the Parties which have accrued before termination or in relation to any of the Surviving Provisions).

3.5 Notwithstanding clause 3.4 above, Dana shall be entitled in its absolute discretion, by written notice to the Sellers, to waive any or all of the Conditions Precedent either in whole or in part.

4. PRE-COMPLETION UNDERTAKINGS

Pending Completion, the Sellers shall agree and jointly and severally undertake to Dana those matters set out in Schedule 4.1.

5. COMPLETION

5.1 The sale and purchase of the Transferred Interests shall be completed (COMPLETION) in the headquarters of the Company at 12:00 am on (i) the third Business Day after the Record Date or such other date as the Parties mutually agree; or (ii) if clause 5.4(b) or (c) applies, such date as Dana elects pursuant to that clause (the COMPLETION DATE). The events referred to in the following provisions of this clause 5 shall take place on Completion.

5.2 On Completion, the Sellers shall deliver or cause to be delivered to Dana the documents set out in Schedule 5.2.

5.3 Upon Completion, the Sellers shall convey good and marketable title to the Transferred Interests to Dana free and clear of any and all Encumbrances, together with all rights attached to the Transferred Interests.

5.4 If:

**** indicates where a confidential portion has been omitted and filed separately with the Commission

- (a) any of the Sellers fails or is or becomes unable to perform any of the obligations required to be performed by that Seller on or before Completion in any material respect; and
- (b) that Seller fails to remedy or rectify such failure within 10 Business Days after Dana gives a written notice requesting the Seller to do so,

Dana shall not be obliged to complete the sale and purchase of the Transferred Interests and may, in its absolute discretion, by written notice to the Sellers at the time Completion would otherwise be due to take place:

- (c) terminate this Agreement (other than the Surviving Provisions) without liability on the part of Dana; or
- (d) elect to defer the completion of the sale and purchase of the Transferred Interests by not more than thirty (30) Business Days to such other date as it may specify in such notice, in which event the provisions of this clause 5.4 shall apply, mutatis mutandis, if the Sellers fail or are unable to perform any of their obligations on such other date; or
- (e) elect to complete the sale and purchase of the Transferred Interests on that date and specify a later date on which the Sellers shall be obliged to complete their outstanding obligations.

5.5 If Dana:

- (a) fails or is or becomes unable to perform any of the obligations required to be performed by it on or before Completion in any material respect; and
- (b) fails to remedy or rectify such failure within 10 Business Days after the Sellers give a written notice requesting Dana to do so,

the Sellers shall not be obliged to complete the sale and purchase of the Transferred Interests and may, in their absolute discretion, by written notice to Dana at the time Completion would otherwise be due to take place:

- (c) terminate this Agreement (other than the Surviving Provisions) without liability on the part of the Sellers; or
- (d) elect to defer the completion of the sale and purchase of the Transferred Interests by not more than thirty (30) Business Days to such other date as it may specify in such notice; or
- (e) elect to complete the sale and purchase of the Transferred Interests on that date and specify a later date on which Dana shall be obliged to complete its outstanding obligations.

6. COMPLETION ACCOUNTS AND POST-COMPLETION UNDERTAKINGS

6.1 The Sellers shall use all reasonable endeavours to procure that, promptly after Completion, Completion Accounts are prepared in accordance with the provisions of

**** indicates where a confidential portion has been omitted and filed separately with the Commission

this clause 6. Such Completion Accounts shall be prepared on the basis of the accounting policies and procedures set out in Schedule 6.1 and shall give a true and fair view of the state of affairs of the Company as at the Completion Date.

6.2 The Sellers shall promptly arrange for the draft Completion Accounts to be prepared by the Company and cause the Company to deliver such draft Completion Accounts to a PRC certified auditing entity as designated by Dana licensed to practice in the PRC within ten (10) Business Days after the Completion Date for such draft Completion Accounts to be reviewed and audited by such entity. Fees and out-of-pocket expenses incurred by such entity in reviewing and auditing the draft Completion Accounts shall be borne by Dana.

6.3 Each of the Sellers and the Company shall use all reasonable endeavours to ensure that it provides the entity referred to in clause 6.2 with such access to the employees, accounts, working papers and other financial information of the Company as is reasonably necessary for the purposes of this Agreement in order that the entity can complete its review and audit of the draft Completion Accounts within twenty (20) Business Days after the Completion Date. Each Party shall similarly use all reasonable endeavours to ensure that the entity referred to in clause 6.2 have such access to all relevant working and other papers of such Party as is reasonably necessary for the purposes of this Agreement.

6.4 The Sellers shall notify Dana within 10 days after the receipt of the Completion Accounts audited by the entity referred to in clause 6.2 (FIRST AUDITED ACCOUNTS) whether or not the Sellers accept them as the Completion Accounts for the purposes of this Agreement. If the Sellers notify Dana that they do not accept the First Audited Accounts:

- (a) the Sellers shall set out in detail the reasons for such non-acceptance and specify the adjustments (and provide appropriate supporting evidence for each such adjustment) which, in their opinion, should be made to the First Audited Accounts in order to comply with the requirements of this Agreement; and
- (b) the Parties shall use all reasonable endeavours (in conjunction with the entity referred to in clause 6.2) to meet and discuss the objections of the Sellers and to reach agreement upon the adjustments (if any) required to be made to the First Audited Accounts.

If the Sellers are satisfied with the First Audited Accounts (either as originally submitted or after adjustments agreed between Dana and the Sellers) or if the Sellers fails to notify Dana of their non-acceptance of the First Audited Accounts within the 10 day period referred to above, then the First Audited Accounts (incorporating any agreed adjustments) shall constitute the Completion Accounts for the purposes of this Agreement. If the Sellers and Dana do not reach agreement within 15 days of the aforementioned notice of non-acceptance given by the Sellers, then the matters in dispute shall be referred, on the application of the Sellers, for review and audit by a second independent PRC certified auditing entity to be agreed upon between the Sellers and Dana. The following terms of reference shall apply in respect of the engagement of this second auditing entity:

**** indicates where a confidential portion has been omitted and filed separately with the Commission

(c) such entity shall:

(i) discuss and work with the first auditing entity referred to in clause 6.2 and attempt to resolve those matters which the Sellers have identified under clause 6.4(a) and which have not been agreed between the Parties; and

(ii) promptly issue an audit opinion which, if considered appropriate:

(A) confirms the First Audited Accounts; or

(B) identify clearly what adjustments (if any) are necessary to the First Audited Accounts in respect of the matters in dispute in order to comply with the requirements of this Agreement (the revised set of Completion Accounts incorporating such adjustments hereinafter referred to as the SECOND AUDITED ACCOUNTS),

with a view to providing such opinion or the Second Audited Accounts (as appropriate) to the Parties within 20 days after the date of its engagement by the Parties under this clause 6.2,

in each case having regard to the terms and conditions of this Agreement;

(d) the opinion issued by the entity under clause 6.4(c)(ii) shall be final and binding on the Parties, and the Second Audited Accounts, if any, shall constitute the Completion Accounts for the purposes of this Agreement;

(e) fees and out-of-pocket expenses incurred by such entity in reviewing and auditing the First Audited Accounts shall be borne by the Sellers if the results of the Second Audited Accounts are substantially the same as those of the First Audited Accounts, then the fees and out-of-pocket expenses shall be borne by the Sellers. However, if the results of the Second Audited Accounts are materially different overall from those of the First Audited Accounts, then the fees and out-of-pocket expenses shall be borne by DANA.

6.5 In the event that the Completion Accounts as prepared by the Company and audited by the auditing entity referred to in clause 6.2 or 6.4 (as appropriate) indicates that the Company as at the Completion Date is not clean and free from (i) Shareholders' Loans (excluding the dividend payable regardless whether or not such dividend payable bears any interest), or (ii) does not have the warranted net book value as specified in Warranty 3.4(b) of Schedule 8.1A, then the Sellers shall be jointly and severally liable to Dana for breaching the Warranties. Without prejudice to Dana's other rights and remedies under this Agreement, in such an event, Dana shall, at its sole discretion, either be entitled to terminate this Agreement pursuant to clause 12, or be entitled to issue a notice to the Sellers to request compensation by the Sellers whereupon the Sellers shall jointly and severally liable for paying Dana, within five (5) Business Days of such notice, compensation which compensation shall not be less than fifty percent (50%) of the sum (SELLERS' PAYABLE AMOUNT TO DANA) of (x) the aggregate value of any Shareholders' Loans of the Company as at the

**** indicates where a confidential portion has been omitted and filed separately with the Commission

Completion Date and any deficiencies in the net book value of the Company, as indicated in or calculated from the Completion Accounts, (y) the interests accrued thereon until full repayment, and (z) any costs to be incurred by the Company to promptly repay the above Shareholders' Loans. Alternatively, Dana shall be entitled to set off Sellers' Payable Amount to Dana against any amount of payment due and payable by Dana to the Sellers. Each of the Sellers shall jointly and severally bear such compensation for the Transferred Interests, or, alternatively, consent to Dana's such right of set-off set forth in the preceding sentence. Any payment (if any) to be made by the Sellers to Dana under this clause 6.5 shall not be subject to the provisions of clause 12.1 below.

6.6 Notwithstanding the provisions of clause 6.5, under no circumstances should Dana be obliged to pay the Sellers any amount in addition to the Purchase Price as consideration for the purchase of the Transferred Interests. It is being understood that this does not limit Sellers' rights in the event of a breach by Dana of any of its obligations hereunder.

7. RESTRICTIONS ON THE SELLERS

7.1 Except with Dana's express prior written consent, each of the Sellers shall not and shall procure that each of its Affiliates shall not, as long as Dana is an owner of an equity interest in the JV, directly or indirectly, solicit or endeavour to entice away from the JV any person, firm or company who or which is or has been a customer of or in the habit of dealing with the JV.

7.2 Except as pursuant to the New JVC, each of the Sellers shall not, except with Dana's express prior written consent, and shall procure that each of its Affiliates shall not (whether alone or jointly with another and whether directly or indirectly), as long as Dana is an owner of an equity interest in the JV, compete with the JV and/or its business, or own any interest, whether directly or indirectly, in or directly or indirectly assist in any manner, any third party that competes with the JV and/or its business.

7.3 Each of the Sellers shall not (and shall procure that each of its Affiliates shall not) within a period of two (2) years after Completion, offer employment to or employ, or offer or conclude any contract for services with, without the JV's prior consent, any person who was employed by the Company at any time during the one (1) year period prior to Completion (not including any delegates sent by DFL to the Company). The employment arrangement outside of the Company for the current senior managers of the Company will be discussed and agreed to by the Parties.

7.4 Except so far as may be required by law and in the circumstances only after prior consultation with Dana, each of the Sellers shall (and shall procure that each of its Affiliates shall) not at any time disclose to any person or use to the detriment of the JV any trade secret or other confidential information, such as product design information and drawings, customers, vendors and pricing information, which it holds in relation to the JV or its affairs and which came to its possession during its ownership of the JV.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

7.5 Each of the Sellers shall use all reasonable efforts to, and shall cause its Affiliates which purchase any products or use/engage any services provided by the JV or provide any products or any services to the JV use reasonable efforts to, continue to support the business of the JV by purchasing the products or using/engaging the services of the JV in the same manner, volume and extent as the Sellers and their respective Affiliates have purchased products or services from, or provided products or services to, the Company prior Completion, provided that any such transactions between the Company and the Sellers and their respective Affiliates shall, to the extent that they were not conducted on arm's length terms prior to Completion, be conducted on arm's length terms after Completion.

8. WARRANTIES, UNDERTAKINGS AND INDEMNITIES

8.1 Each of the Sellers jointly and severally represents and warrants to Dana with respect to the Transferred Interests, those Warranties set out in Schedule 8.1A. Dana represents and warrants to the Sellers with respect to the execution of this Agreement and the performance of its obligation hereunder, those Dana Warranties set out in Schedule 8.1B.

8.2 The Warranties shall be deemed to be repeated immediately before Completion with reference to the facts then existing and Completion of this Agreement shall constitute a joint and several warranty by the Sellers that no event has occurred between the date of this Agreement and Completion which would cause any of the Warranties to be untrue or inaccurate in any material respect.

8.3 The rights and remedies of Dana under this Agreement including those in respect of the Warranties, shall not be affected, and any of the Seller's liabilities under this Agreement shall not be released, discharged or impaired, by (i) Completion, (ii) any investigation made into the affairs of the Company by Dana, any actual or constructive knowledge of the Company by Dana or reference to any other paragraphs of Schedule 8.1A or anything in this Agreement, (iii) Dana terminating (or failing to terminate or rescind) this Agreement, or (iv) any event or matter whatsoever, other than a specific and duly authorised written waiver or release by Dana.

8.4 The Dana Warranties shall be deemed to be repeated immediately before Completion with reference to the facts then existing and Completion of this Agreement shall constitute warranty by Dana that no event has occurred between the date of this Agreement and Completion which would cause any of the Dana Warranties to be untrue or inaccurate in any material respect. The rights and remedies of the Sellers under this Agreement including those in respect of the Dana Warranties, shall not be affected, and any of Dana's liabilities under this Agreement shall not be released, discharged or impaired, by (i) Completion, (ii) any investigation made into the affairs of Dana by the Sellers, any actual or constructive knowledge of Dana by the Sellers or reference to any other paragraphs of Schedule 8.1B or anything in this Agreement, (iii) the Sellers terminating (or failing to terminate or rescind) this Agreement, or (iv) any event or matter whatsoever, other than a specific and duly authorised written waiver or release by the Sellers.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

8.5 If any Seller acquires any knowledge of any event or matter (whether occurring or existing before the signing of this Agreement or not) which makes, or might make, any of the Warranties untrue, or which renders, or might render, any of the Warranties misleading, it shall forthwith disclose in writing to Dana all that it knows about the event or matter in question and the Sellers shall make any investigations concerning the event or matter which Dana may reasonably require. If Dana acquires any knowledge of any event or matter (whether occurring or existing before the signing of this Agreement or not) which makes, or might make, any of the Warranties untrue, or which renders, or might render, any of the Warranties misleading, it shall forthwith disclose in writing to the Sellers all that it knows about the event or matter in question and Dana shall make any investigations concerning the event or matter which the Sellers may reasonably require.

8.6 Each of the Sellers shall jointly and severally ensure that upon prior written notice by Dana, Dana and its directors and other officers and advisers are given access to all facilities which they may request in order to establish the accuracy of the Warranties and, in particular, shall allow them full access to all financial and other records of the Company, including but not limited to all accounts and accounting records, bank accounts, the Company's debts, and the Company's real estate title certificates, product records and equipment specifications, all statutory books, minute books, leases, contracts, supplier lists and customer lists; provided that Dana shall, and shall procure that its directors and other officers and advisors will, keep such information confidential and not disclose such information to any third party.

8.7 All of DFM's obligations and liabilities under or arising out of this Agreement shall be borne by DFL.

9. INDEMNITIES BY THE SELLERS

9.1 Without prejudice to clause 11 below, each of the Sellers hereby agrees to jointly and severally indemnify and keep Dana fully indemnified from and against all claims, demands, actions, damages, losses (including loss of profit and opportunity), costs, obligations, penalties, liabilities and expenses (the COSTS) brought or made against or suffered or incurred by Dana as a result of or in respect of any breach by any of the Sellers of any Warranty, undertaking, agreement, covenant or obligation of the Sellers to be observed or performed hereunder, and/or arising out of or in connection with or in respect of any such breach or the Company's action(s) or omission(s) which may be detrimental to Dana or may have a material adverse effect on the Properties, business or prospects of the Company resulting from any such action or omission.

9.2 Notwithstanding any contrary provision in this Agreement (including the Schedules) or under applicable law and without limiting Dana's other rights or remedies hereunder, the Sellers shall be jointly and severally liable to:

- (a) Dana for any indemnity claim of Dana hereunder for any and all the Costs incurred by Dana which gives rise or results from or is in connection with to such claim, including without limitation:

**** indicates where a confidential portion has been omitted and filed separately with the Commission

- (i) any Encumbrance over any Transferred Interests or all or any part of the business or Assets of the Company;
 - (ii) any breach of any of the Warranties or of any other representations and warranties in respect of the Company hereunder being other than the Warranties; and
 - (iii) any breach by any Seller of any provision of this Agreement in any material respect.
- (b) Dana for any indemnity claim of Dana hereunder for any and all Costs which the JV incurs or which the JV is liable in respect of or in connection with such claim, including without limitation:
- (i) any past, present or future claims by any former share or equity holder or joint venture partner of the Company;
 - (ii) any failure by the Company to hold any permit authorisation, licence or registration required for the conduct of any aspect of any business carried on by the Company:
 - (A) prior to Completion; or
 - (B) during the period of six (6) months immediately after Completion.
 - (iii) any breach by or contravention of the Company of any law or regulation prior to Completion, including without limitation:
 - (A) any failure of the Company to pay its employees or persons engaged by it of any salaries due and payable, to make contributions therefor, whether under statutory requirement or contractual obligations, in accordance with the relevant PRC labor laws and regulations;
 - (B) any failure of the Company to provide a safe and hazardous-free work environment for its employees or persons engaged by it and/or any work-related injury claim (past, present or future) brought thereby;
 - (C) any tax violation by the Company to pay relevant taxes and duties in accordance with the relevant PRC relevant tax laws and regulations prior to Completion;
 - (D) any hidden tax liabilities related to any existing tax issues of the Company which have not been rectified during the period of six (6) months immediately after Completion: or
 - (E) any environmental violation by the Company to conduct its business in accordance with the relevant PRC environmental

**** indicates where a confidential portion has been omitted and filed separately with the Commission

laws and regulation and/or any obligation to clean-up ordered by the relevant PRC government authorities arising out of or resulting from or in connection therewith.

- (iv) any use of any computer software by the Company in violation of the relevant software license prior to Completion;
- (v) any outstanding, pending or threatened claims (including without limitation any and all asbestos-related claims), disputes or litigation based on the Company's business activities and/or arrangement prior to Completion to which the Company was a party; and
- (vi) the net book value of the JV at the Completion Date as verified and confirmed in the Completion Accounts having dropped below ****.

9.3 A claim for indemnity under this clause 9 may be made by Dana at any time after the Completion Date by giving of written notice thereof to all of the Sellers. Such written notice shall set forth in reasonable detail the basis upon which such claim for indemnity is made.

9.4 Notwithstanding the provisions of the preceding paragraph, Dana shall promptly after Dana has actual knowledge thereof notify all of the Sellers of the existence of any actual or potential claim, demand or other matter involving liabilities to third parties to which the Sellers' joint and several indemnification obligations hereunder would apply and shall give the Sellers a reasonable opportunity to defend the same or prosecute such action to conclusion or settlement to the Sellers satisfaction, at the expense of and with the counsel selected jointly by the Sellers, provided that Dana shall at all times also have the right to participate in the defence at its own expense.

- (a) If the Sellers shall, within ten (10) Business Days after receipt of said notice, fail to defend, Dana shall have the right, but not the obligation, to undertake the defence of, and to compromise or settle (exercising reasonable business judgment) the claim or other matter on behalf, for the account, and at the risk and expense, of the Sellers; and
- (b) If the claim is one that cannot by its nature be defended solely by the Sellers and requires the assistance of Dana, Dana shall make available all information and assistance that the Sellers may reasonably request, provided that any associated expenses shall be paid by the Sellers.

9.5 The Sellers shall waive the benefit of all rights (if any) which any Seller may have against the JV prior to Completion and following Completion, or any present or former officer or employee of any such company, on whom any Seller may have relied in agreeing to any term of this Agreement or in making any Warranty set out in Schedule 8.1A and the Sellers jointly and severally undertake not to make any claim in respect of such reliance.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

9.6 All payments made by the Sellers to Dana under this clause 9 shall, to the extent that they are quantifiable prior to Completion, be used to offset Dana's payment obligation toward the Purchase Price under clause 2.2 above, or, otherwise, be payable directly to Dana on demand.

10. INDEMNITIES BY DANA

10.1 Dana hereby agrees to indemnify and keep each Seller fully indemnified from and against all claims, demands, actions, damages, losses (including loss of profit and opportunity), costs, obligations, penalties, liabilities and expenses brought or made against or suffered or incurred by the Seller as a result of or in respect of any breach by Dana of any Dana Warranty in any material respect or any material breach of this Agreement.

10.2 Dana shall not be liable for any claim for breach of the Dana Warranties or otherwise under this clause 10 unless it receives from the Sellers written notice containing reasonable details of the claim including the Sellers' estimate (on a without prejudice basis) of the amount of such claim on or before the second anniversary of the Completion Date. The aggregate amount of Dana's liability hereunder for all such claims shall not exceed ****.

11. TAX COVENANTS

11.1 The indemnification by the Sellers in favour of Dana pursuant to clause 9 shall include, as separate covenants, an indemnity in favour of Dana from and against any depletion of its assets or any increase in its liabilities arising wholly or partly by reason of any claim for Taxation in respect of, by reference to or in consequence of:

- (a) any income, profits or gains earned, accrued or received by the Company on or before Completion; or
- (b) any event which occurred on or before Completion; or
- (c) the transfer of the Transferred Interests to Dana by the Sellers pursuant to this Agreement.

11.2 For the avoidance of doubt, where a claim for Taxation involves or results in the loss of use of any relief or the cancellation of any right to a repayment of Taxation, there shall be deemed to be a depletion in assets by reference to the amount of Taxation which use of the relevant relief would have saved (assuming Taxation to be otherwise payable in respect of the earliest period for which the relevant relief would have been available if the claim for Taxation had not arisen) or the amount of the repayment, as appropriate.

11.3 The indemnities contained in this clause shall extend to all penalties, charges and interest imposed and reasonable out-of-pocket costs and expenses incurred by Dana or the JV in connection with a claim for Taxation.

11.4 If after any Seller has made any payment pursuant to clause 9 in connection with an indemnified Taxation claim described in this clause 11, Dana or the JV shall

**** indicates where a confidential portion has been omitted and filed separately with the Commission

receive a refund of all or part of the Taxation claim which gave rise to such payment, the Party receiving the refund shall repay to such Seller an amount equal to:

- (a) the amount of such refund; less
- (b) any out-of-pocket expenses, costs and charges properly incurred by the said recipient Party in recovering such refund; and less
- (c) the amount of any additional Taxation which shall not have been taken into account in calculating any payment made or to be made pursuant hereto but to which such Seller is liable in consequence of such refund.

12. LIMITATIONS ON SELLERS' LIABILITIES

12.1 The Sellers shall not be liable for any Claim unless the aggregate amount of the liability of the Sellers for all Claims exceeds US\$1,500,000, in which case the Sellers shall be liable for the remaining amount in respect of all Claims in excess of US\$1,500,000; provided that the provisions of this clause 12.1 shall not apply in respect of any Claim in respect of a breach of any of the Tax Warranties or Tax Covenant.

12.2 The Sellers shall not be liable for any Claim unless they receive from Dana written notice containing reasonable details of the Claim including Dana's estimate (on a without prejudice basis) of the amount of such Claim:

- (a) in the case of a Claim for breach of any of the General Warranties, the Pension and Fund Warranties, the Property Warranties or the Environmental Warranties, on or before the second anniversary of the Completion Date; and
- (b) in the case of a Claim for breach of any of the Tax Warranties or the Tax Covenant, on or before 60 days after the expiration of the relevant limitation period within which a claim, investigation or proceeding may be brought by a Taxing Authority in respect of any transactions which resulted in or gave rise to the breach of the Tax Warranties or the Tax Covenant; provided that if the Claim arises from any evasion or fraud on the part of the Company before Completion, no time limit applies.

12.3 The Sellers shall not be liable for any Claim to the extent that the loss in respect of any one shortfall, damage, deficiency, breach or other set of circumstances which give rise to the same Claim has been recovered by Dana.

12.4 If at any time the Sellers pay to Dana an amount pursuant to a Claim and Dana or the Company subsequently recovers from any third party (including any insurer) any sum in respect of the same Claim, then Dana shall repay to the Sellers the lesser of: (i) the amount paid by the Sellers to Dana; and (ii) the sum recovered from such third party. For the avoidance of doubt, references in this clause 12.4 to amounts recovered (and like expressions) are to the amounts so recovered net of the costs and expenses incurred in effecting such recovery and the payment of Taxation (if any) in connection therewith.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

12.5 Sellers' liabilities to Dana shall not exceed **** and the Sellers may alternatively pay the Company the amount of any Claim or pay Dana fifty percent (50%) of that amount.

12.6 No matter shall be the subject of a Claim to the extent that:

- (a) allowance, provision or reserve in respect of such matter has been made in the Completion Accounts; or
- (b) payment or discharge of the relevant matter has been included in calculating the amount of liabilities or deducted in calculating the amount of assets in the Completion Accounts.
- (c) Insurance, equipment vendors warranties or other third party recourse satisfies such claim.

13. RIGHT TO TERMINATE

13.1 If at any time before Completion:

- (a) any Material Adverse Change occurs;
- (b) there is a material breach of any of the Warranties as given on the date of this Agreement;
- (c) any event occurs which, if the Warranties were repeated at any time before Completion by reference to the facts and circumstances then existing as if references in the Warranties to the date of this Agreement were references to the relevant date, would constitute a material breach of any of the Warranties; or
- (d) there is any breach or non-fulfilment by any of the Sellers of any of its obligations under this Agreement,

then Dana may, by written notice given to the Sellers at any time before Completion, terminate this Agreement (other than the Surviving Provisions). Any such termination shall be without prejudice to any other rights which Dana may have as a result of any breach by any of the Sellers of this Agreement.

13.2 The Sellers jointly and severally undertake to disclose promptly to Dana in writing any breach, matter, event, condition, circumstance, fact or omission of which any Seller is or becomes aware that may give rise to a right of termination by Dana under clause 13.1.

13.3 If at any time before Completion:

- (a) there is a material breach of any of the Dana Warranties as given on the date of this Agreement;
- (b) any event occurs which, if the Dana Warranties were repeated at any time before Completion by reference to the facts and circumstances then existing as

**** indicates where a confidential portion has been omitted and filed separately with the Commission

if references in the Dana Warranties to the date of this Agreement were references to the relevant date, would constitute a material breach of any of the Dana Warranties; or

(c) there is a material breach or non-fulfilment by Dana of any of its obligations under this Agreement,

then the Sellers may, by written notice given to Dana at any time before Completion, terminate this Agreement (other than the Surviving Provisions). Any such termination shall be without prejudice to any other rights which the Sellers may have as a result of any breach by Dana of this Agreement.

13.4 Dana undertake to disclose promptly to the Sellers in writing any breach, matter, event, condition, circumstance, fact or omission of which Dana is or becomes aware that may give rise to a right of termination by the Sellers under clause 13.3.

14. TAX, COSTS AND PAYMENTS

14.1 Subject to clause 14.2 below, each of the Parties shall pay its own costs incurred in connection with the negotiation, preparation and implementation of this Agreement.

14.2 Each Party shall pay any and all taxes, fees, duties and other government charges in respect of the sale, purchase and transfer of the Transferred Interests hereunder, which are imposed by law on that Party.

14.3 The costs of terminating any agreement or arrangement to which the Company is a party which is in contravention of the Warranties contained in Schedule 8.1A shall jointly and severally be borne by the Sellers (without prejudice to the other rights and remedies of Dana). The costs of terminating any agreement or arrangement to which Dana is a party which is in contravention of the Dana Warranties shall be borne by Dana (without prejudice to the other rights and remedies of the Sellers).

14.4 All sums payable by any Seller to Dana (if any) under this Agreement shall be paid free and clear of all deductions or withholdings unless the deduction or withholding is required by law, in which event such Seller shall pay such additional amount as shall be required to ensure that the net amount received by Dana will equal the full amount which would have been received by it had no such deduction or withholding been required to be made.

14.5 Subject to the provisions of PRC law, all payments made by any Seller to Dana pursuant to the preceding paragraph shall be calculated in RMB and made in United States Dollars, with the applicable exchange rate being the median of the US\$ and RMB buying and selling rates quoted by the People's Bank of China on the date the relevant payment or transaction occurs, and shall be paid directly by such Seller to a bank account designated by Dana in writing.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

15. DFL'S GUARANTEE WITH RESPECT TO COMPANY EMPLOYEES

15.1 The Sellers acknowledge and agree that some of the employees of the Company have been exposed to asbestos and other hazardous materials during their employment with the Company prior to the Completion Date. The Sellers agree, without admission of guilt and without conceding on the burden of proof by any of such employees of the Company, that the Sellers shall be responsible for any claims of injury, sickness and/or illness made by any of such employees of the Company based on his/her exposure to asbestos and/or other hazardous materials, regardless of (i) whether such claims are brought against the Sellers, Dana or the JV, or (ii) whether such claims related to alleged exposure before or after the Completion Date, or (iii) whether such claims or notices of such claims are made prior to, on or after the Completion Date. The Sellers agree to indemnify and hold harmless Dana, Dana's Affiliates and the JV from all such claims including but not limited to costs, or expenses (indemnity or defence) including attorney fees resulting from such claims.

16. INSURANCE

16.1 As soon as reasonably practicable following the execution of this Agreement, the Sellers shall use all reasonable endeavours to procure that (to the extent permissible in relation to each such policy and where necessary to secure the benefit of the relevant cover) Dana's interest in the Company is noted on those of the insurance policies which relate to the Company or any of the businesses or assets of the Company. If and to the extent that any such policy is renewed, or any policy is put in place to replace or succeed any such policy, between the date of this Agreement and Completion, the Sellers shall procure that Dana's interest in the Company is noted on any such renewed, replacement or successor policy.

16.2 The Sellers shall ensure and otherwise do all things necessary to procure that all policies of insurance in respect of the Company's businesses and Assets as listed in Exhibit D to Schedule 8.1A are maintained in full force until (and including) Completion.

16.3 If, before Completion, any fire, flood, accident or other calamity or matter occurs in relation to the Company or any of its businesses or Assets and the Company or any Seller has any right to make a claim in respect of it under the terms of any insurance policy, then the Sellers jointly and severally undertake to, or to procure that the Company shall, use all reasonable endeavours to make recovery under the relevant policy prior to Completion. To the extent that any such recovery is made prior to Completion, the Sellers shall procure that the proceeds are applied to the restoration or replacement of the relevant insured asset(s) or that they are otherwise passed to the Company before Completion.

17. ENTIRE AGREEMENT

17.1 This Agreement, together with its Schedules and Exhibits, sets out the entire agreement and understanding between the Parties in respect of the sale and purchase of the Transferred Interests. This Agreement supersedes all prior agreements, understandings or arrangements (whether oral or written) relating to the sale and purchase of the Transferred Interests. It is agreed that:

**** indicates where a confidential portion has been omitted and filed separately with the Commission

- (a) no Party has entered into this Agreement or any other document referred to in this Agreement in reliance upon any statement, representation, warranty or undertaking of any other Party other than those expressly set out or referred to in this Agreement or such other document;
- (b) save for any such liability as a Party has under or in respect of any breach of this Agreement or any other agreement or document referred to in this Agreement, no Party shall owe any duty of care, nor have any liability in tort or otherwise, to the other Party or any other person in respect of, arising out of, or in any way relating to the transaction contemplated by this Agreement; and
- (c) this clause shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

18. VARIATION

18.1 No variation of this Agreement (or of any of the documents referred to in this Agreement) shall be valid unless it is in writing and signed by or on behalf of each of the Parties to it. The expression "variation" shall include any variation, supplement, deletion or replacement however effected.

18.2 Unless expressly agreed, no variation shall constitute a general waiver of any provisions of this Agreement, nor shall it affect any rights, obligations or liabilities under or pursuant to this Agreement which have already accrued up to the date of variation, and the rights and obligations of the Parties under or pursuant to this Agreement shall remain in full force and effect, except and only to the extent that they are so varied.

19. ASSIGNMENT

19.1 None of the Parties hereunder shall nor shall it purport to assign, transfer, charge or otherwise deal with all or any of its rights under this Agreement nor grant, declare, create or dispose of any right or interest in it without the prior written consent of the other Parties.

19.2 Any purported assignment in contravention of this clause 19 shall be void.

20. ANNOUNCEMENTS

20.1 Each Party hereby undertakes that it shall not and shall procure that each of its Affiliates, directors, officers and employees shall not at any time make any public announcement or circular or disclosure in connection with the existence or subject matter of this Agreement without the prior written approval of the other Parties hereto (such approval not to be unreasonably withheld or delayed); to the extent any public announcement, circular or disclosure in connection with the existence or subject matter of this Agreement is required to be made by any of the Parties pursuant to any applicable law or stock exchange requirements, the Parties shall, to the maximum extent permitted under applicable laws and stock exchange requirements, fully consult each other to agree on the scope and substance of the required disclosure.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

21. CONFIDENTIALITY

21.1 The Sellers hereby jointly and severally undertake to Dana that save as required by applicable law or stock exchange requirements each of them shall not and shall procure that each of its directors, officers and employees shall not at any time, save with the prior consent in writing of Dana, divulge or communicate to any person other than to directors, officers, employees or professional advisers of Dana any secret or confidential information concerning the Company and/or the JV or any customer or client or business of the Company and/or the JV.

21.2 Dana hereby undertakes to the Sellers that save as required by applicable law or stock exchange requirements it and its Affiliates shall not and shall procure that each of its directors, officers and employees shall not at any time save with the prior consent in writing of the Sellers divulge or communicate to any person other than to its directors, officers, employees or professional advisers any secret or confidential information concerning the Company and/or the JV or any customer or client or business of the Company and/or the JV.

21.3 The restrictions contained in clauses 21.1 and 21.2 above shall cease to apply in the event that such information comes into the public domain (other than through any unauthorised disclosure by the Sellers or Dana) or disclosure of such information is required by law or any court or tribunal. If disclosure of such information is required by law or any court or tribunal, then any of the Parties so required to disclose such information shall promptly inform and consult with all the other Parties before taking any actions to make any disclosures as required.

22. SEVERABILITY

22.1 If any provision of this Agreement is held to be invalid or unenforceable, then such provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The Parties shall then use all reasonable endeavours to replace the invalid or unenforceable provisions by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.

23. COUNTERPARTS

23.1 This Agreement may be executed in any number of counterparts and by the Parties to it on separate counterparts, each of which is an original but all of which together constitute one and the same instrument.

24. WAIVERS

24.1 No failure or delay by any Party in exercising any right or remedy provided by law under or pursuant to this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

24.2 The rights and remedies of any Party under or pursuant to this Agreement are cumulative, may be exercised as often as such Party considers appropriate and are in addition to its rights and remedies under general law.

25. FURTHER ASSURANCE

25.1 Each Party agrees to perform (or procure the performance, by its duly authorised representatives, and, in the case of the Sellers, the Company's directors and officers respectively nominated or appointed by the Sellers and the Company's duly authorised representatives, of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as any other Party may reasonably require, whether on or after Completion, to implement and/or give effect to this Agreement and the transaction contemplated hereunder and for the purpose of vesting in such Party the full benefit of the assets, rights and benefits to be transferred to or conferred on such Party under this Agreement.

25.2 The Sellers shall jointly and severally procure that there is made available to Dana at such time(s) and place(s) as Dana may reasonably direct all information in its possession or under its control which Dana may from time to time reasonably require, before Completion, in relation to the business and affairs of the Company. At the request of either Party, the Transitional Team or other individuals identified by the Parties shall meet prior to Completion to review the plans of the Company for the period before Completion.

26. NOTICES

26.1 Any notice or other communication to be given by one Party to the other Parties under, or in connection with, this Agreement shall be in writing and signed by or on behalf of the Party giving it. It shall be served by sending it by pre-paid recorded express courier delivery to the address set out in clause 26.2 and marked for the attention of the relevant Party set out in clause 26.2 (or as otherwise notified from time to time in accordance with the provisions of this clause 26). Any notice so served by express courier shall be deemed to have been duly given at 10:00am on the seven (7th) Business Day following the date of posting.

References to time in this clause are to local time in the country of the addressee.

26.2 The addresses of the Parties for the purpose of clause 26.1 are as follows:

(a) DONGFENG MOTOR CO., LTD.

Address: 84 Baiye Road
Wuhan Economic Development Zone
Wuhan, Hubei Province
People's Republic of China

For the attention of: President
Telephone: +86 719 8204 588

**** indicates where a confidential portion has been omitted and filed separately with the Commission

(b) DONGFENG (SHIYAN) INDUSTRIAL COMPANY

Address: No. 66 Gongyuan Road
Shiyan, Hubei Province
People's Republic of China

For the attention of: General Manager
Telephone: +86 719 8225 884

(c) DONGENG MOTOR CORPORATION

Address: No. 8 Checheng Road
Wuhan Economic and Technological Development Zone
Wuhan, Hubei Province
People's Republic of China

For the attention of: General Manager
Telephone: +86 27 8428 5437

(d) DANA MAURITIUS LIMITED

Address: c/o 4500 Dorr Street
Toledo, Ohio 43615
United States of America

For the attention of: Director
Telephone: +1 419 535 4500

Copy: DANA CORPORATION

Address: 4500 Dorr Street
Toledo, Ohio 43615
United States of America

For the attention of: Secretary
Telephone: +1 419 535 4500

26.3 A Party may notify the other Parties to this Agreement of a change to its name, relevant addressee, or address for the purposes of this clause 26, provided that, such notice shall only be effective on:

- (a) the date specified in the notice as the date on which the change is to take place; or
- (b) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date following five Business Days after notice of any change has been given.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

27. EXECUTION AND EFFECTIVENESS

27.1 This Agreement shall be executed by the duly authorized representatives of the Parties hereto and shall come into force after signing.

27.2 Once this Agreement has been executed it shall then be submitted for approval by the Sellers to the Ministry of Commerce and the State-owned Assets Supervisory and Administration Commission of the PRC (the APPROVAL AUTHORITY).

27.3 The proposed transactions contemplated under this Agreement should be carried out through SUAEE by way of tendering or public auction pursuant to the Provisional Rules. However, as all Parties agree that it is in the best interests of all Parties for such transactions to be carried out privately. As such the Sellers undertake and agree that they shall use their best efforts to apply for and obtain from SASAC a special waiver to carry out the proposed transactions contemplated under this Agreement through a privately negotiated transfer according to Article 18 of the Provisional Rules.

27.4 The Sellers agree to:

- (a) notify Dana in writing immediately upon its receipt of the special waiver obtained pursuant to clause 27.3 above and/or the approval reply issued by the Approval Authority, and
- (b) provide Dana with a copy of such special waiver and/or approval reply.

27.5 Dana may, by written notice to the Sellers, terminate the effectiveness of its signature to this Agreement and make this Agreement void, if:

- (a) the Approval Authority requires the Parties to amend this Agreement in a manner that is unacceptable to Dana, or imposes conditions that are unacceptable to Dana; or
- (b) the special waiver specified in clause 27.3 is not granted by SASAC; or
- (c) this Agreement is not approved by the Approval Authority within three (3) months of the date of signing of this Agreement.

28. GOVERNING LAW

28.1 The establishment, effectiveness, interpretation, amendment, performance and termination of this Agreement shall be governed by and construed in accordance with the laws of the PRC. To the extent there is no applicable PRC law, reference shall be made to international practices.

29. SETTLEMENT OF DISPUTES

29.1 The Parties shall try to resolve any dispute, controversy or claim arising out of or in connection with this Agreement through friendly consultations between the Parties. But, if no settlement is reached within twenty (20) Business Days from the date one Party notifies the other Parties in writing of its intention to submit the dispute,

**** indicates where a confidential portion has been omitted and filed separately with the Commission

controversy or claim to arbitration in accordance with this clause, then any such dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration by the Hong Kong International Arbitration Center (HKIAC) in accordance with the UNCITRAL Arbitration Rules as at present in force and as may be amended by the rest of this clause. The arbitration will be administered by HKIAC in accordance with HKIAC Procedures for Arbitration in force at the date of this Agreement including additions to the UNCITRAL Arbitration Rules as are therein contained.

29.2 The place of arbitration shall be in Hong Kong at the Hong Kong International Arbitration Center. The arbitration proceedings will be conducted in English and Chinese. The arbitration panel will consist of three (3) members. Dana shall select one (1) arbitrator, and the Sellers shall jointly select one (1) arbitrator. The presiding arbitrator shall be selected by agreement between the arbitrators selected by the Parties or, failing agreement within ten (10) Business Days of the appointment of the two (2) Party-nominated arbitrators, by the Chairperson of the HKIAC. The presiding arbitrator shall not be a national of the PRC or the United States of America. The arbitration award shall be final and binding on the Parties, and the Parties agree to be bound thereby and to act accordingly. The costs of arbitration and the costs of enforcing the arbitration award (including witness expenses and reasonable attorneys' fees) shall be borne by the losing Party(ies), unless otherwise determined by the arbitration award.

29.3 In any arbitration proceeding, any legal proceeding to enforce any arbitration award and in any legal action between the Parties pursuant to or relating to this Agreement, each Party expressly waives any defence based on the fact or allegation that it is an agency or instrumentality of a sovereign state.

29.4 Each Party shall continue to exercise its respective rights, and fulfill its obligations under this Agreement while a dispute is being resolved through arbitration, except for the matters in dispute.

29.5 Any award of the arbitrators may be enforced by any court having jurisdiction over the Party against which the award has been rendered, or wherever assets of that Party are located, and shall be enforceable in accordance with the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).

30. LANGUAGE

30.1 This Agreement is written in a Chinese version and in an English version in fourteen (14) originals each. Both language versions shall be equally authentic. Each of the Sellers and Dana shall each keep two (2) originals in each language. Two (2) originals in each language shall be submitted, as necessary, to each of the Approval Authority and the SAIC.

30.2 If there is a discrepancy between the Chinese and English versions, the Parties shall try to resolve such discrepancy through friendly discussions. If such friendly discussions do not resolve such discrepancy, the arbitrators appointed pursuant to the provisions of clause 29 shall determine which version most accurately records the Parties' intention.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

31. SIGNING PLACE AND DATE

AS WITNESS this Agreement is signed in Xiangfan, Hubei Province, PRC by the duly authorized representatives of the Parties on this 10th day of March 2005.

DONGFENG MOTOR CO., LTD.

Signature of legal or authorized representative:

By: /s/ Miao Wei

DONGFENG (SHIYAN) INDUSTRIAL COMPANY

Signature of legal or authorized representative:

By: /s/ Li Zhenhua

DONGENG MOTOR CORPORATION

Signature of legal or authorized representative:

By: /s/ Miao Wei

DANA MAURITIUS LIMITED

Signature of legal or authorized representative:

By: /s/ Robert E. Pollock

DANA CORPORATION AS GUARANTOR

Signature of legal or authorized representative:

By: /s/ B. N. Cole

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SCHEDULE 1.1

INTERPRETATION

In this Agreement (including the Schedules and Exhibits), except so far as the context otherwise requires, the following expressions shall have the following meanings:

AFFILIATE means, in relation to any Party, any enterprise, corporation, partnership, trust or other entity directly or indirectly controlling or controlled by or under direct or indirect common control with that Party; **CONTROL** for the purposes of this definition being taken to mean direct ownership of fifty percent (50%) or more of the registered capital, stocks or the voting rights of such enterprise or entity;

AGREEMENT means this sale and purchase agreement, as it may be amended, supplemented or otherwise modified from time to time by the Parties hereto pursuant to the provisions hereof;

APPRAISAL REPORT means the report on the appraised value of the Transferred Interests prepared by China Enterprise Appraisals (the APPRAISER) based on information provided by the Sellers and the Company and issued by the Appraiser. The appraised value of the Transferred Interests as set out in such report are agreed to and accepted by the Parties and subject to approval by SASAC (if required);

APPROVAL AUTHORITY is defined in clause 27.2;

ASSETS means all assets of any kind and type (real, personal, tangible and intangible) which are owned or used by the Company and in which the Company has and rights or interests, including but not limited to the Real Properties and such other assets set out in the 2003 Audited Financial Statements;

BUSINESS DAY means a day (other than a Saturday or Sunday) on which banks generally are open in the USA and the PRC for the transaction of normal banking business;

COMPANY means the domestic limited liability company by the name of Dongfeng Axle Co., Ltd. owned by DFL, Dongfeng Industry and DFM, which, prior to Completion, was the predecessor of the JV;

COMPLETION means completion of the sale and purchase of the Transferred Interests by the Sellers to Dana in accordance with clause 5 under this Agreement, and **COMPLETION DATE** means the date on which Completion takes place;

COMPLETION ACCOUNTS means the balance sheet and the profit and loss statement of the Company as of the Completion Date to be prepared in accordance with clause 6 and Schedule 6.1 and audited by a PRC certified auditing entity;

COMPLETION ACCOUNTS DATE means the date up to which the Completion Accounts will be prepared and which shall be of even date with the Completion Date;

**** indicates where a confidential portion has been omitted and filed separately with the Commission

CONDITION PRECEDENT means those conditions precedent to Completion as referred to in clause 3.1 and set out in Schedule 3.1;

CLAIM means any claim for breach of a Warranty or under the Tax Covenant;

COSTS means obligations, liabilities, losses, damages, costs (including reasonable legal costs) and expenses (including taxation), actions, proceedings, claims and demands, in each case of any nature whatsoever;

ENCUMBRANCE means any mortgage, pledge, lien, charge, encumbrance, assignment, hypothecation, priority, security interest, option, warrant, title retention, preferential right, trust arrangement, security agreement or arrangement, or other third party claims or rights (including rights of pre-emption) of any nature whatsoever;

ENVIRONMENTAL WARRANTIES means the representations and warranties set out in Part C of Schedule 8.1A;

FACTORY means any factory owned by the Company, referred to individually as Factory A, Factory B or Factory C, and FACTORIES means Factory A, Factory B and Factory C collectively, among which:

- (a) FACTORY A means all the facilities, structures, buildings and improvements constructed and/or currently under construction, which are located at Land I;
- (b) FACTORY B means all the facilities, structures, buildings and improvements constructed and/or currently under construction, which are located at Land II;
- (c) FACTORY C means all the facilities, structures, buildings and improvements constructed and/or currently under construction, which are located at Land III.

FINANCIAL INDEBTEDNESS means long term and short term bank loans, notes payable, letters of credit, bank guarantees, and any other credit facilities (including short term credit facilities extended by banks in the ordinary and usual course of business of the Company) together with any Encumbrances associated with such credit facilities;

FINANCIAL YEAR means January 1 through December 31 of a calendar year;

GOVERNMENTAL AUTHORITY means government or any governmental, quasi-governmental, juridical, public, regulatory, legislative or statutory instrumentality, authority, body, agency, department, bureau or entity or any arbitrator with authority to bind a Party at law in the PRC or elsewhere;

INTELLECTUAL PROPERTY RIGHTS means patents, trade marks, service marks, logos, get-up, trade names, internet domain names, rights in designs, copyright (including rights in computer software) and moral rights, database rights, semi-conductor topography rights, utility models, rights in know-how and other intellectual property rights, in each case whether registered or unregistered and including applications for registration, and all rights or forms of protection having equivalent or similar effect anywhere in the world, including without limitation the Technologies and Know-how;

**** indicates where a confidential portion has been omitted and filed separately with the Commission

JV means Sino-foreign equity joint venture by the name of Dongfeng Dana Axle Co., Ltd. established pursuant to the New JVC with Dana and DFL each holding fifty percent (50%) of the registered capital therein, which, on Completion, becomes the successor to the Company;

KEY MANAGERS means those employees of the Company whose names are set out in Exhibit C to Schedule 3.1;

2003 AUDITED FINANCIAL STATEMENTS means the audited balance sheet of the Company as of the 2003 Audited Financial Statements Date and the audited profit and loss account of the Company in respect of the Financial Year ended on the 2003 Audited Financial Statements Date as audited by ShineWing CPAs, together with any notes, reports, statements, or documents included in or annexed thereto, copies of which are set out in Exhibit A to Schedule 8.1A;

2003 AUDITED FINANCIAL STATEMENTS DATE means December 31, 2003;

LONGSTOP DATE means October 1, 2005, or such later date as the Parties may mutually agree;

MATERIAL ADVERSE CHANGE means any event, circumstance, effect, occurrence or state of affairs or any combination thereof existing or occurring between the date of this Agreement and the Completion Date, or a breach or failure of any representations and warranties herein, which is, or is reasonably likely to be, materially adverse to the business, operations, assets, liabilities (including, without limitation, contingent liabilities), Assets or the business or financial condition, results or prospects of the Company; for the avoidance of doubt, (i) any change in interest rates, or other general economic conditions except for the exchange rate between RMB and US\$, (ii) any change in the overall circumstances affecting auto components manufacturers in general, (iii) any change in law or accounting practices, or (iv) any adjustment made by the JV with regard to its product prices and business policies made in the ordinary course of business due to the foregoing, all of which have occurred after the date of signing of this Agreement, shall not individually be deemed as a Material Adverse Change;

M&A PROVISIONAL RULES means the Provisional Rules on Mergers with and Acquisition of Domestic Enterprises by Foreign Investors promulgated by the Ministry of Foreign Trade and Economic Cooperation (the predecessor of MOFCOM), State Administration of Taxation, State Administration for Industry and Commerce and State Administration of Foreign Exchange on March 7, 2003 and went into force on April 12, 2003;

MOFCOM means the Ministry of Commerce of the PRC, or its provincial branch in Hubei Province, as appropriate.

NEW ARTICLES means the new articles of association of the JV to be executed by Dana and DFL prior to Completion for the establishment of the Company as a Sino-foreign

**** indicates where a confidential portion has been omitted and filed separately with the Commission

equity joint venture by the name of Dongfeng Dana Axle Co., Ltd. with Dana and DFL each holding fifty percent (50%) of the registered capital therein;

NEW JVC means the new joint venture contract of the JV to be executed by Dana and DFL prior to Completion for the establishment of the JV as a Sino-foreign equity joint venture by the name of Dongfeng Dana Axle Co., Ltd. with Dana and DFL each holding fifty percent (50%) of the registered capital therein;

OFFICE BUILDINGS means all the facilities, structures, buildings and improvements constructed and/or currently under construction, which are located at Land IV.

PARTY means DFL, Dongfeng Industry, DFM or Dana and PARTIES means DFL, Dongfeng Industry, DFM and Dana;

PENSION AND FUND WARRANTIES means the representations and warranties set out in Part D of Schedule 8.1A;

PRC means the People's Republic of China (but excluding, for the purposes of this Agreement, Hong Kong, Taiwan and Macao);

PROSPECTS means, in relation to the Company, the ability of Dana to conduct the ongoing business of the Company in a manner which is substantially similar to the manner in which it is conducted at the date hereof or the future financial or trading performance of the Company, in each case without taking into account facts or circumstances which affect to a similar extent generally all companies carrying on businesses similar to that of the Company in the PRC;

PROPERTY WARRANTIES means the representations and warranties set out in Part B of Schedule 8.1A;

PROVISIONAL RULES means the Provisional Rules on the Administration of Transfers State-owned Property Rights in Enterprises promulgated by the State Assets Supervisory and Administration Commission on December 31, 2003 and went into force on February 2, 2004 and any subsequent notices issued by SASAC with regard to the implementation of the Provisional Rules;

PURCHASE PRICE is defined in clause 2.2;

PWC means the international accounting firm PriceWaterhouseCoopers, its offices or affiliated offices in the PRC;

REAL PROPERTIES means all of the Land, the Office Buildings and the Factories owned or used by the Company;

RECORD DATE is defined in clause 3.3;

RMB means Renminbi, the lawful currency of the PRC;

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SAIC means the State Administration for Industry and Commerce, or its provincial or local branch in Hubei Province, as appropriate;

SASAC means the State-owned Assets Supervisory and Administration Commission or its provincial branch in Hubei Province, as appropriate;

SELLER means DFL, Dongfeng Industry or DFM individually, and SELLERS means DFL, Dongfeng Industry and DFM collectively;

SHAREHOLDERS' LOANS means long term and short term shareholders' loans including any advances to the Company by, and any amounts owed by the Company to, any of the Sellers and their Affiliates (or any director of any of the Sellers and their Affiliates or of the Company or any person connected with any of them), other than short term trade debts incurred in the ordinary and usual course of business of the Company, but excluding dividend payable regardless whether or not such dividend payable bears any interest;

LAND means any parcel of land used by the Company, referred to individually as Land I, Land II, Land III or Land IV, or Land I, Land II, Land III and Land IV collectively, among which:

- (i) LAND I means that certain parcel of land (Land Lot Number: 9-13-14-2 and Land Use Rights Certificate Number: 0913014-2) with a total area of approximately 134,319.10 square meters located on Jiefang Road, Xiangfan Municipality, Hubei Province, which the JV will lease from DFM pursuant to the Land Lease Contract;
- (ii) LAND II means those certain parcels of land (Land Lot Number: 9-5-242 and 9-5-743 and Land Use Rights Certificate Number: 0905242 and 0905743) with a total area of approximately 106,877.30 square meters located on No.1 Wudang Road, Maojian District, Shiyan Municipality, Hubei Province, PRC, which the JV will lease from DFM pursuant to the Land Lease Contract;
- (iii) LAND III means those certain parcels of land (Land Lot Number: 9-8-9, 9-8-14, 9-8-219, 9-8-4, 9-8-1, 9-8-13, 9-8-2 and 9-8-220 and Land Use Rights Certificate Number: 0908009, 0908014, 0908219, 0908004, 0908001, 0908013, 0908002 and 0908220) with a total area of approximately 318,915.30 square meters located on Maojian Hall, Maojian District, Shiyan Municipality, Hubei Province, PRC, which the JV will lease from DFM pursuant to the Land Lease Contract;
- (iv) LAND IV means that certain parcel of land with an area of approximately 3,000 square meters located on No. 68 Migong Road, Xiangfan Municipality, Hubei Province, PRC, to which the JV has exclusive use rights.

SUAEE means any PRC governmental organization designated by SASAC to provide clearing and settlement services for the purchase and sale of State-owned assets and equity in accordance with Provisional Rules, including Shanghai United Assets and Equity Exchange or such other Exchange mutually agreed by the Parties;

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SURVIVING PROVISIONS means clause 1 (Interpretation), clause 8 (Warranties, Undertakings and Indemnities), clauses 9 and 10 (Indemnities), clause 11 (Tax Covenants), clause 14 (Tax, Costs and Payments), clause 17 (Entire Agreement), clause 19 (Assignment), clause 20 (Announcement), clause 21 (Confidentiality), clause 22 (Severability), clause 24 (Waiver), clause 28 (Governing Law), clause 29 (Settlement of Disputes) and clause 30 (Language);

TAX COVENANT means the indemnity relating to tax set out in clause 11;

TAX WARRANTIES means the representations and warranties set out in Part E of Schedule 8.1A;

TAXATION includes (without limitation) income tax (including personal income tax payable on behalf of staff), value added tax, business tax, real estate tax, vehicle and vessel licence tax, custom duties, import duty, stamp duty, capital duty or fees payable on any increase in the registered or share capital of a company, and all taxes on gross or net income, profits or gains, receipts, sales, use, occupation, franchise, personal property and other taxes, levies, imposts, duties, charges or withholdings of any nature whatsoever, chargeable by any Taxing Authority and any payment whatsoever which the JV and/or the Company may be or become bound to make to any person as a result of the operation of any enactment relating to taxation and all penalties, charges and interest relating to any claim for taxation;

TAXING AUTHORITY means the State Administration of Taxation, Ministry of Finance, any local tax bureau, customs and excise authorities of the PRC or any other governmental or municipal authority;

TECHNOLOGIES AND KNOW-HOW means all of the patents (with all right, title and interest in and to such patents, including (i) the benefit of all priority dates, (ii) the right to seek and obtain registrations in other countries, and (iii) the right to sue and obtain injunctive relief, damages and all other relief in respect of any infringement or misuse (whether past, present or future) of such patents or of the rights conferred by publication of the application of such patents), or non-patented technology, technical knowledge, know-how and practical experience owned and used by the Company in regard to the design, manufacture, assembly, installation and maintenance of vehicle axle products;

TRANSFERRED INTERESTS means the DFL Interest, Dongfeng Industry Interest and DFM Interest, among which:

- (x) DFL INTEREST means the twenty-nine and 23/100 percent (29.23%) of the registered capital in the Company owned by DFL and to be purchased by Dana in accordance with the provisions hereof;
- (y) DONGFENG INDUSTRY INTEREST means ten and 96/100 percent (10.96%) of the registered capital in the Company owned by Dongfeng Industry and to be purchased by Dana in accordance with the provisions hereof;

**** indicates where a confidential portion has been omitted and filed separately with the Commission

(z) DFM INTEREST means nine and 81/100 percent (9.81%) of the registered capital in the Company owned by DFM and to be purchased by Dana in accordance with the provisions hereof.

TRANSITIONAL GROUP means Wen Yunzhong, Li Zhiguang and Xiao Dayou, or other personnel designated by DFL, representing the Sellers, and Gerry Turek, Norm Boisvert, and Bill Gieseler, or other personnel designated by Dana, representing Dana;

USA means the United States of America;

US\$ means the lawful currency of the United States of America;

WARRANTIES means the representations and warranties on the part of the Sellers as set out in Schedule 8.1A, and WARRANTY means any of the warranties on the part of the Sellers as set out in Schedule 8.1A.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SCHEDULE 2.3

PAYMENT TERMS

- (a) Pursuant to the provisions of clauses 2.1 and 2.2 and subject to other terms and conditions of this Agreement (including without limitation adjustment made pursuant to clause 6 of the Agreement), Dana shall pay the Sellers Renminbi Four Hundred Eighty-Five Million (RMB485,000,000) (the PURCHASE PRICE) in consideration for the transfer to Dana of the Transferred Interests and the rights transferred by the Sellers pursuant to clause 2.1 of the Agreement as contemplated in this Agreement on the Completion Date, which payment is subject to any compensation payable by the Sellers to Dana with respect to any breach committed by any of the Sellers of its obligations under this Agreement including breach of any Warranty.

All payments by Dana to the Sellers shall be made by a wire transfer to the respective bank account of each of the Sellers designated by the Sellers in writing.

- (b) Dana will pay the Purchase Price in Renminbi.
- (c) Dana acknowledges that it is not entitled to receive any distribution of profits or dividends until Dana has purchased the Transferred Interests.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SCHEDULE 3.1

CONDITIONS PRECEDENT

The following matters shall be concluded or obtained on or before Completion:

1. MATTERS RELATING TO DANA'S ACQUISITION OF THE TRANSFERRED INTERESTS
 - (a) each of the Warranties made by the Sellers being true and correct in all material respects on and as of the Completion Date as though such Warranty was made on and as of the Completion Date, and any Warranty as of the a specified date earlier than the Completion Date having been true and correct in all material respects on and as of such earlier date;
 - (b) each of the Sellers having performed and complied with, in all material respects, each agreement, covenant, undertaking and obligation required by this Agreement to be so performed or complied with by such Seller at or before Completion, including its respective pre-completion undertakings set out in Schedule 4.1;
 - (c) the special waiver specified in clause 27.3 or other form of evidence acceptable to the Parties evidencing the approval by SASAC of the transaction contemplated hereunder having been granted by SASAC;
 - (d) this Agreement having been approved in its present form by the Approval Authority;
 - (e) the Appraisal Report in the form of Exhibit A to this Schedule 3.1 having been approved by SASAC at a valuation of the Transferred Interests being agreed to and accepted by the Sellers and Dana;
 - (f) the Labor and HR Agreement as agreed among the Parties and endorsed by the chairman of the labor union of the Company on behalf of the Company's employee representatives meeting in the form of Exhibit B to this Schedule 3.1 having been approved by the Approval Authority;
 - (g) a properties rights exchange certificate with regard to the purchase and sale of the Transferred Interests having been issued by SUAEE, if required;
 - (h) all of the documents set forth in Schedule 5.2 (in form and substance acceptable) having been delivered by the Sellers to Dana;
 - (i) Dana having made an inspection to its satisfaction of all the Assets at the current location of such Assets and having received assurances in form and substance satisfactory to Dana that the Company has permanently discontinued the use of asbestos in its products (including those in inventory or purchased from others) and has removed any residual asbestos or asbestos containing materials from all of its Real Estate, within ten (10) Business Days before the Completion Date; and

**** indicates where a confidential portion has been omitted and filed separately with the Commission

- (j) there having been and there being no breach in any material respect by any Seller of this Agreement.
2. MATTERS RELATING TO CONVERSION OF THE COMPANY INTO A SINO-FOREIGN EQUITY JOINT VENTURE IN WHICH DANA WILL HOLD FIFTY PERCENT (50%) OF THE REGISTERED CAPITAL AND TO THE PROPER ESTABLISHMENT OF THE JV
- (a) each of the following documents having been duly executed by the authorized representatives of DFL and Dana and having been approved in its present agreed form by MOFCOM or its authorized branch:
 - (i) the New JVC; and
 - (ii) the New Articles.
 - (b) all of the Ancillary Contracts (as defined and listed in the New JVC) having been executed by the parties thereto and approved by or registered with the relevant PRC government authorities to the extent such approval and/or registration is required under PRC law;
 - (c) a new business license for the JV having been issued by the SAIC which characterises the JV as a Sino-foreign equity joint venture with DFL and Dana each holding fifty percent (50%) of the registered capital therein and with the approved business scope being not materially different from that set out in Article 4.2 of the New JVC;
 - (d) each of the Key Managers whose names are set out in Exhibit C to Schedule 3.1 having entered into the JV's standard individual employment contract with the JV;
 - (e) new real estate ownership rights certificate (in form and substance acceptable to Dana) having been issued to the JV evidencing that the JV has an exclusive lease to Land I, Land II and Land III and has exclusive ownership rights in Factory A, Factory B, Factory C and the Office Buildings;
 - (f) a required approval (in form and substance acceptable to Dana) having been issued to the JV evidencing that the JV has an exclusive use rights to Land IV.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

EXHIBIT A TO SCHEDULE 3.1

APPRAISAL REPORT

**** indicates where a confidential portion has been omitted and filed separately with the Commission

EXHIBIT B TO SCHEDULE 3.1

LABOR AND HR AGREEMENT

Page 36

**** indicates where a confidential portion has been omitted and filed separately with the Commission

EXHIBIT C TO SCHEDULE 3.1

KEY MANAGERS

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SCHEDULE 4.1

SELLERS' PRE-COMPLETION UNDERTAKINGS

Each of the Sellers jointly and severally undertakes and covenants with Dana that, at all times from and after March 1, 2004 and until Completion, such Seller shall comply with all undertakings and covenants of this Schedule 4.1, except to the extent Dana may otherwise consent in writing.

1. CONDUCT OF BUSINESS

The Sellers shall jointly and severally cause the Company to conduct business only in the ordinary course consistent with past practice. Without limiting the generality of the foregoing, the Sellers shall jointly and severally:

- (a) procure that the Company carries on its business only in the ordinary and usual course and that the Company does not make or agree to make any payment other than routine payments in the ordinary and usual course of business;
- (b) procure that all reasonable steps are taken to preserve and protect the Assets of the Company and to preserve and retain the goodwill of each of their businesses (including the existing relationships with customers and suppliers);
- (c) procure that Dana's representatives shall be allowed, upon reasonable notice and during normal working hours, access to (i) the books and records of the Company (including all statutory books, minute books, financial and accounting records and vouchers, contracts, supplier lists and customer lists), together with the right to take copies; and (ii) the Land, the Office Buildings and the Factories;
- (d) not do, allow or procure, and shall ensure that neither the Company nor any Seller shall do, allow or procure, any act or omission which would constitute or give rise to a breach of any Warranty if the Warranties were repeated at any time before Completion by reference to the facts and circumstances then existing as if references in the Warranties to the date of this Agreement were references to the relevant date;
- (e) make prompt disclosure to Dana of all relevant information which comes to the notice of the Company or any Seller in relation to any fact or matter (whether existing on or before the date of this Agreement or arising afterwards) which may constitute a breach of any Warranty if the Warranties were to be repeated on or at any time before Completion by reference to the facts and circumstances then existing;
- (f) procure that there is no declaration, authorisation, making or payment of a dividend or other distribution (whether in cash, stock or in kind) nor any reduction of their paid-in registered capital by the Company, except as otherwise provided in the New JVC;

**** indicates where a confidential portion has been omitted and filed separately with the Commission

- (g) cause all transactions between the Company and any of the Sellers and their Affiliates to take place on arm's length terms;
- (h) procure that changes are not made in terms of employment (including pension fund commitments), other than those required by law, which could in aggregate increase the total staff costs of the Company by more than 8 per cent per annum or the remuneration of any one director or employee by more than 20 percent per annum;
- (i) procure that, except to replace employees of the Company on substantially the same terms, the Company shall not employ or agree to employ any new persons full time or part time but only hires temporary workers as required, or dismiss any Key Manager except for incompetence or gross misconduct or other reasonable cause justifiable in law;
- (j) not take any action, and shall procure that no action is taken by the Company or by any Seller, which is inconsistent with the provisions of this Agreement;
- (k) procure that no Key Manager is given notice of the termination of his or her employment or is dismissed without the prior consent of Dana; and the Sellers shall not reassign or appoint the Key Manager and shall direct the Company not to initiate the termination or dismissal procedures without the prior consent of Dana;
- (l) procure that the Company will maintain all policies of insurance in full force and effect; and
- (m) procure that no additional directors are appointed to the Company.

2. CERTAIN RESTRICTIONS

From the date of this Agreement until Completion or termination pursuant to clause 13, each of the Sellers shall jointly and severally ensure that the Company fully notify and consult with Dana through bi-weekly meetings or telephone conferences of the Transitional Group in relation to any matters that may result in a Material Adverse Change on the Company or the Company's Assets, business or prospect and that, without the prior consent of Dana, none of the following are done, permitted or agreed to be done by or in relation to the Company:

- (a) the reorganisation of, or the discontinuance of, any part of the business of the Company;
- (b) any failure to settle in accordance with the payment procedures and timescales normally observed by the Company any debts incurred by the Company in the normal course of trading;
- (c) any entry into or modification of (including a bid, tender, proposal or offer likely to lead to the same) or a termination of any contract or arrangement having, or related contracts or arrangements having an aggregate value or involving or likely to involve expenditure in excess of RMB1 million per

**** indicates where a confidential portion has been omitted and filed separately with the Commission

annum other than the purchase of raw materials and components from and supplies and sale of products to, unrelated third parties in the ordinary course of business or which is of a long term or unusual nature (a LONG TERM NATURE meaning that such contract or arrangement is not capable of performance within its terms within 12 months after the date on which it is entered into or undertaken or cannot be terminated on less than 12 months' notice) or which could involve an obligation of a material nature (a liability for expenditure in excess of RMB2 million being included as MATERIAL for this purpose) or which may result in any material change in the nature or scope of the operations of the Company, or any modification (including a bid, tender, proposal, or offer likely to lead to the same) of any contract or arrangement which would cause the relevant contract or arrangement to fall within any of the above descriptions in this paragraph (c), or which may have such a result;

- (d) the giving of any form of individual guarantee, indemnity or other agreement to secure an obligation of a third party which if called would result in a cost to the Company of RMB500,000 or more;
- (e) the amendment of such insurance policies as the Sellers are required by clause 16 of this Agreement to maintain, or the doing or suffering to be done of anything that will, or which could reasonably be expected to, render any of the same void or voidable;
- (f) any increase by more than RMB100,000 of the amount of any liability in respect of which any guarantee, indemnity, counter-indemnity or letter of comfort existing at the date of this Agreement has been given or the entry into of any new guarantee, indemnity, counter-indemnity or letter of comfort;
- (g) the institution or settlement of, or agreement to settle, any litigation where the institution or settlement would result in a payment to or by the Company of RMB500,000 or more;
- (h) the entry into, or the material modification of, any subsisting agreement with any trade union or other body representing its Employees or relating to any works council;
- (i) the creation of any Encumbrance over the Transferred Interests or the registered capital or the Assets of the Company, or any of them; or
- (j) the acquisition of, or entry into an agreement to acquire, or the disposal of, or entry into an agreement to dispose of, any material asset or material stocks, in each case, involving consideration, expenditure or liabilities in excess of RMB1 million (exclusive of VAT).

3. AFFILIATE TRANSACTIONS

Immediately prior to Completion, all Shareholders Loans and other borrowing by the Company from, any of the Sellers and their Affiliates (or any director of any of the Sellers and their Affiliates or of the Company or any person connected with any of them), shall be paid in full. Prior to Completion, the Company shall not enter into any

**** indicates where a confidential portion has been omitted and filed separately with the Commission

contract or amend or modify any existing contract, or engage in any transaction outside the ordinary course of business consistent with past practice or not on an arm's-length basis, with any of the Sellers or their Affiliates (or any officer or director of the Company, the Sellers or their Affiliate).

4. NOTICE AND CURE

(a) The Sellers shall notify Dana in writing of, and contemporaneously shall provide Dana with true and complete copies of any and all information or documents relating to, and will use all commercially reasonable efforts to cure before Completion, any event, transaction or circumstance, as soon as practicable after it becomes known to the Sellers, occurring after the date of this Agreement that causes or will cause any covenant or agreement of any of the Sellers under this Agreement to be breached or that renders or will render untrue any representation or Warranty of any Sellers contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. No notice given pursuant to this paragraph shall have any effect on the representations, Warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any Condition Precedent contained herein or shall in any way limit Dana's right to seek indemnity under clause 9 of this Agreement.

5. EXCLUSIVITY

Pending Completion or termination of this Agreement pursuant to clause 13, whichever is earlier, each of the Sellers agrees:

- (a) not to make any initial or further approach to, or entertain any approach from or to commence or continue discussions or negotiations with, any person with a view to a transaction taking place which would preclude or materially restrict or delay the transaction which is the subject of this Agreement;
- (b) to notify Dana in writing immediately of any approach that is made to any of the Sellers with a view to said Seller entering into or continuing negotiations of the type described in paragraph (a) above; and
- (c) that Dana shall have the exclusive right to acquire the Transferred Interests.

6. FULFILMENT OF CONDITIONS PRECEDENT

Each of the Sellers hereby agrees and jointly and severally undertakes with Dana as follows:

- (a) at any time prior to or as of the Completion Date:
 - (i) the Sellers shall procure the necessary meeting or meetings of the board of directors of the Company to be held to approve unanimously the New JVC and the New Articles including the conversion of the Company into the JV with DFL and Dana each holding fifty percent

**** indicates where a confidential portion has been omitted and filed separately with the Commission

(50%) of the registered capital of the JV and the acquisition by Dana of the Transferred Interests pursuant to this Agreement;

(ii) DFL shall execute the New JVC and the New Articles with Dana on the date of this Agreement; and

(iii) the Sellers shall procure that all of the matters set out in Schedule 3.1 have been completed in all material respects prior to or as of the Completion Date.

(b) immediately after signing of the New JVC and the New Articles, DFL shall cause a counterpart original of each of such documents to be submitted to the Approval Authority for approval in accordance with all applicable PRC laws.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SCHEDULE 5.2

DOCUMENTS TO BE DELIVERED BY SELLERS AT COMPLETION

The Sellers shall deliver (or cause to be delivered) to Dana at Completion copies of the following documents certified by the chairman of the board of the Company to be true copies:

1. a new business license for the JV issued by SAIC which characterises the JV as a Sino-foreign equity joint venture with DFL and Dana each holding fifty percent (50%) of the registered capital of the JV;
2. evidence that four (4) Dana appointees and four (4) DFL appointees have been registered with SAIC as constituting the entire board of directors of the JV;
3. evidence that a Dana appointee have been registered with SAIC as the new general manager of the JV;
4. the approval reply (replies) and the approval certificate(s) issued by the Approval Authority approving (i) the acquisition of the Transferred Interests by Dana pursuant to this Agreement, (ii) the New JVC, (iii) the New Articles, and (iv) the establishment of the JV as a Sino-foreign equity joint venture pursuant to the New JVC showing DFL and Dana each holding fifty percent (50%) of the registered capital of the JV;
5. a letter in the agreed form duly and jointly executed by the Sellers confirming that the directors of the Company appointed by the Sellers except those persons who shall continue as DFL designated directors, General Manager, Deputy General Manager in charge of finance (if any) and the Deputy General Manager in charge of engineering (if any) of the Company have been removed from the Company and agreeing that the Sellers shall indemnify the JV from all claims or rights of action whether by way of compensation, remuneration, redundancy payments or otherwise, except for accrued remuneration and reasonable expenses (if any) for the month then current;
6. a letter of appointment duly executed by DFL in the agreed form appointing four (4) individuals to the board of directors of the JV;
7. a resolution of the board of directors (certified by the chairman of the board) and/or a resolution of the shareholders of each Seller approving this Agreement in its present form and authorising the execution of and the performance by it of its respective obligations under this Agreement, if such resolution is required by the articles of association or other governing documents of such Seller;
8. a resolution of the board of directors (certified by the chairman of the board) of DFL authorising the execution of and the performance by it of its obligations under the New JVC;
9. the articles of association or other governing documents of each of the Sellers;

**** indicates where a confidential portion has been omitted and filed separately with the Commission

10. all of the documents evidencing the completion of all of the matters set forth in Schedule 3.1; and
11. copies of any other evidence of Completion as reasonably required by Dana.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SCHEDULE 6.1

COMPLETION ACCOUNTS

The Completion Accounts shall be prepared in accordance with accounting principles and financial reporting standards stipulated under PRC laws and regulations, and shall be prepared on the same basis as the 2003 Audited Financial Statements, except as described in this Schedule.

The Completion Accounts will comprise a consolidated balance sheet as at the Completion Accounts Date, and a consolidated profit and loss account for the period from the 2003 Audited Financial Statements Date until the Completion Accounts Date. All connected inter-company transactions and unrealized profits shall be eliminated from the consolidated financial statements.

The Completion Accounts will be prepared on the accruals basis and going concern basis.

A full inventory of all fixed assets will be made as part of the Completion Accounts process. Items shown in the ledgers which do not physically exist will be fully written off. If the Company can evidence its ownership of items which exist but which are not recorded on the ledgers then those items should be recognised at their depreciated net book value, taking into account the actual date of purchase and subject to review and verification of legal titles therefor.

Fixed assets should be shown at their cost or valuation less depreciation. An assessment will be made of whether the valuation of any individual asset is impaired as at the Completion Accounts Date. If there is an indication that the value of an asset has been impaired, then it should be written down to its recoverable amount, being the higher of its value in use and its net selling price. Any encumbrance over any of the fixed assets will be fully disclosed.

The cost of construction in progress incurred as at the Completion Accounts Date will be fully accrued. All projects which have been completed (as evidenced by the assets being put into use) shall be classified as "fixed assets" and depreciated from the date they were put into use. All commitments outstanding under contracts in progress will be fully disclosed. Any encumbrance over amounts recorded as "construction in progress" will be fully disclosed.

Ownership of all intangible assets will be evidenced by documentation. Land Use Rights will be stated at their cost less amortisation (the amortisation period being the duration of the land use right). The value of other intangible assets will be tested for impairment using the same method as for fixed assets.

Cash will be evidenced by bank statements, which will be confirmed with banks at the Completion Accounts Date, and reconciled to the cash balance in the general ledger. Any restrictions over cash will be fully disclosed.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

Notes receivable will be evidenced by relevant documentation, and should be stated gross at the face value of the note less any provision for doubtful debt. Full disclosure will be made of encumbrances over notes receivable.

Accounts receivable will be evidenced by confirmations from debtors. Provision will be made for doubtful debts on the following basis: amounts due for less than 3 months 0%, amounts due for 3-12 months 5%, 1 - 2 years 30%, 2 - 3 years 75%, above 3 years 100% (above 3 years 90% for connected inter-company accounts receivable). Specific provisions will also be made for debts that are known to be in dispute or uncollectible). Ageing will be calculated by reference to the date the goods were dispatched to the customer. Any encumbrances over accounts receivable will be fully disclosed.

The internal bank deposit will be evidenced by irrevocable confirmation from the counter-party. Any restrictions on its use will be fully disclosed.

Other receivables, prepayments and other current assets will be evidenced by documentation, be recorded on the accruals basis, and be stated at cost less any provision required.

Inventory will undergo a full physical inspection as at the Completion Accounts Date at all locations where inventory of the Company is held. The inventory shown on the books will be adjusted to the amount of inventory that physically exists and any difference will be written off. Inventory will be valued at the lower of cost and market value, which will include an assessment of whether individual items are damaged, obsolete, or if their selling prices have declined. All encumbrances over inventory will be fully disclosed.

Third-party loans should be stated at the amount of the loan and be evidenced by loan contracts. All security given for such loans, including security given by third parties, should be fully disclosed. All interest on loans should be fully accrued.

Notes payable will be evidenced by relevant documentation, and should be stated gross at the face value of the note.

Accounts payable should be fully accrued as at the Completion Accounts Date, including for all goods received but not invoiced.

All dealer rebates and sales incentives will be fully accrued as at the Completion Accounts Date, including a pro-rata estimate of amounts payable under annual schemes.

Dividend payable will be stated at the amount of dividend declared as at the Completion Accounts Date, as evidenced by Board minutes.

Taxes payable will be fully accrued as at the Completion Accounts Date. All disputes with, demands or payment requests from the Taxing Authority not accrued shall be disclosed in full.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

Advances from customers should be evidenced by documentation and reconciled with customer accounts.

Salary and welfare payable should be fully accrued for all elements of remuneration, e.g. annual bonuses, sales incentives, overtime, etc.

All other present obligations should be fully accrued as accruals. All future commitments should be fully disclosed.

Warranty provision will be accrued at 2% of net sales, net of suppliers' reimbursements that are certain to be received.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SCHEDULE 6.4

POST-COMPLETION UNDERTAKINGS BY THE SELLERS

1. The Sellers hereby jointly and severally agree and undertake with Dana that following Completion:
 - (a) Dongfeng Industry and DFM shall procure that none of their respective Affiliates (save for DFL as an Affiliate of DFM), employees, directors, executives, agents, advisors, consultants, or any persons who have acted as the Company's directors or been employed by the Company pursuant to any nomination, recommendation or appointment by Dongfeng Industry or DFM, shall participate in board meetings and management of the JV or otherwise participate in or interfere with the management, conduct of business and other aspects of the operation of the JV.
 - (b) As soon as practicable and in any event within ten (10) Business Days after the Completion Date, DFL shall cause or procure that its four (4) appointees to the board of directors of the JV shall convene a meeting with the four (4) directors appointed by Dana, which meeting shall also be attended by the respective nominees for the JV's General Manager, Deputy General Manager in charge of finance and Deputy General Manager in charge of engineering as nominated by Dana and the JV's one Executive Deputy General Manager and Two Deputy General Managers in charge of HR, purchasing sales and manufacturing functions as nominated by DFL, to transact or deal with the following business in accordance with the New Articles:
 - (i) formally appoint the JV's General Manager, Deputy General Manager in charge of finance and Deputy General Manager in charge of engineering as nominated by Dana, and the JV's one Executive Deputy General Manager and Two Deputy General Managers in charge of HR, purchasing sales and manufacturing functions as nominated by DFL;
 - (ii) formally ratify any and all of the Ancillary Contracts to which the JV is a party;
 - (iii) formally discuss and decide on matters relating to the management of the JV and its business operations as the new board of directors shall consider appropriate; and
 - (iv) cause the Chairman of the Board of the JV to promptly issue (i) an investment certificate to Dana confirming its equity interest in the JV after the payment of the Purchase Price by Dana in accordance with Schedule 2.3, and (ii) an investment certificate to Dana confirming its fifty percent (50%) equity interest in the JV upon payment in full by Dana of the Purchase Price.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SCHEDULE 8.1A

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

PART A: GENERAL

INFORMATION

INFORMATION TO BE PROVIDED BY THE SELLERS

- 1.1 Each of the following Exhibits delivered by relevant Sellers to Dana fully and accurately sets out the information required to be provided in that Exhibit and is not materially misleading:

EXHIBIT A - ACCOUNTS: Copies of the 2003 Audited Financial Statements of the Company and each set of audited financial statements of the Company since the establishment of the Company (including relevant profit and loss statements, and balance sheets), together with the unaudited management accounts of the Company for the period which started immediately after the 2003 Audited Financial Statements Date and ended on the date that is ten (10) Business Days immediately prior to the Completion Date (including a profit and loss statement of the Company for the period which started immediately after the 2003 Audited Financial Statements Date and ended on the date that is ten (10) Business Days immediately prior to the Completion Date and a balance sheet of the Company as of the date that is ten (10) Business Days prior to the Completion Date).

EXHIBIT B - CORPORATE DOCUMENTS: The latest Articles of Association of the Company.

EXHIBIT C - LICENCES: Copies of all licences, permissions, authorisations and consents referred to in Warranty 5.1 of this Schedule 8.1A.

EXHIBIT D - LIST OF ASSETS AND REAL PROPERTIES: A list, including brief details (such as type, amount, value, size, relevant site maps and addresses as appropriate), of all of the Assets and Real Properties owned or used by the Company.

EXHIBIT E - INTELLECTUAL PROPERTY RIGHTS: A list of all Intellectual Property Rights, including the Technologies and Know-now currently used by the Company.

DISCLOSURE

- 1.2 Save for the facts and matters set out in the Exhibits referred to in Warranty 1.1 and for facts and matters likely to affect to a similar extent generally all companies carrying on similar businesses in the PRC, there are no other facts or matters which might reasonably be expected to have a material adverse effect on the financial or trading position or prospects of the Company, or on

**** indicates where a confidential portion has been omitted and filed separately with the Commission

the willingness of Dana to acquire the Transferred Interests on the terms, including consideration, set out in this Agreement.

COMPLIANCE WITH LAWS

- 1.3(a) The Company has conducted its business and corporate affairs in accordance with its articles of association and with all applicable laws and regulations, and the Company is not in default of any order, decree or judgment of any court or any governmental or regulatory authority.
- (b) Without limiting the generality of paragraph (a):
- (i) all accounts, documents and returns required by law to be delivered or made by the Company to the SAIC, Governmental Authority, Taxing Authority or any other authority have been duly and correctly delivered or made;
 - (ii) none of the operations of the Company infringe, or are likely to infringe, any Intellectual Property Rights held by any third party or involve the unauthorised use of confidential information disclosed to the Company in circumstances which might entitle a third party to make a claim against the Company, and no claim has been made or threatened by any third party which alleges or may allege any infringing act or process which would fall within this paragraph or which otherwise disputes the right of the Company to use any Intellectual Property Rights relating to its business;
 - (iii) the Company has in relation to each of its employees (and so far as relevant to each of its former employees) complied in all material respects with all statutes, regulations, codes of conduct, collective agreements, terms and conditions of employment, orders and awards relevant to their conditions of service or to the relations between it and its employees (or former employees, as the case may be) or any recognised trade union;
 - (iv) the Company has made all payments for its employees under its current retirement, housing and welfare schemes implemented pursuant to relevant State and local laws and regulations of the PRC;
 - (v) the Company has, in respect of all years of assessment since its establishment, made or caused to be made all proper returns, and has supplied or caused to be supplied all information regarding Taxation matters which it is required to make or supply to any Taxing Authority and there is no dispute or disagreement nor is any contemplated with any such Taxing Authority regarding liability or potential liability to any Taxation recoverable from the Company or regarding the availability to the Company of any relief from Taxation;
 - (vi) all sales tax and value added tax payable in accordance with the laws and regulations of the PRC or pursuant to any agreement or

**** indicates where a confidential portion has been omitted and filed separately with the Commission

arrangement between the Sellers and/or the Company and any Governmental Authority have been paid when due, and the Company has paid within the time limits prescribed by relevant laws and regulations all stamp duties payable by it and no sums are presently payable by it under any stamp duty legislation; and

- (vii) The Company is not in breach of any covenant, restriction, stipulation or other obligation affecting any of the Real Properties or the health or safety at work of staff at any of the Real Properties and there are no closure, demolition, clearance or other orders issued by any Governmental Authority affecting any of the Real Properties or any part thereof.

NO CONTRACTUAL BREACH OR DEFAULT BY THE COMPANY

- 1.4 The Company is not in default under any agreement to which it is a party and there are no circumstances likely to give rise to any such default. Except to the extent (if any) to which provision or allowance has been made in the 2003 Audited Financial Statements of the Company, no outstanding liability has been incurred by the Company for breach of any contract or for any other liability.

NO ADVERSE EFFECT OF ACQUISITION

- 1.5 Acquisition by Dana of the Transferred Interests or other performance of the terms of this Agreement will not result in any adverse effect on the business or prospects of the Company, create any adverse Taxation liability for the Company or any holders of interests in it, or cause any loss of existing rights (including without limitation existing Intellectual Property Rights or contractual rights) by the Company.

THE SELLERS

AUTHORISATIONS

- 2.1(a) Each of the Sellers is a corporation duly organized and validly existing under the laws of the PRC;
- (b) Each of the Sellers has full legal right, power and authority to execute this Agreement and all of the contracts and documents referred to in this Agreement and to which such Seller is a party;
- (c) Each of the Sellers has taken all appropriate and necessary action to authorize the execution of this Agreement and all of the documents referred to in this Agreement to which such Seller is a party and to authorize the performance and observance of the terms and conditions of this Agreement and those contracts and documents;
- (d) Each of the Sellers has obtained all corporate authorisations and all other applicable governmental, statutory, regulatory or other consents, licences,

**** indicates where a confidential portion has been omitted and filed separately with the Commission

waivers or exemptions required to empower each of them to enter into and to perform their respective obligations under this Agreement and all of the contracts and documents referred to in this Agreement to which such Seller is a party; and

- (e) Except for the Sellers' written consents to Dana's acquisition of the Transferred Interests and except for the Sellers' consent not to exercise any right of first refusal arising by reason of such acquisition, in each case by virtue of the execution of this Agreement, no other person's consent to Dana's acquisition of the Transferred Interests is required (other than approvals by the Approval Authority) pursuant to any law or regulation of the PRC or pursuant to the terms of any agreement or arrangement to which any Seller is a party.

THE COMPANY AND ITS EQUITY HOLDING STRUCTURE

- 2.2 All of the equity interest in the Company's registered capital is fully-paid or properly credited as fully-paid, and prior to Completion, DFL, Dongfeng Industry and DFM respectively hold seventy-nine and 23/100 (79.23%), ten and 96/100 (10.96%) and nine and 81/100 (9.81%) of the equity interest in the Company's registered capital, and no other individual or company holds any equity interest in the Company's registered capital.

THE TRANSFERRED INTERESTS

- 2.3 The Sellers are the exclusive legal and beneficial owners of the Transferred Interests to be purchased by Dana pursuant to this Agreement clear and free from all Encumbrances. No other person or entity has owned or held any equity interests in the Company. The Sellers have owned and continuously held all of the equity interests in the Company since the establishment of the Company.

FINANCIAL MATTERS

AUDITED ACCOUNTS

- 3.1(a) The 2003 Audited Financial Statements of the Company and audited financial statements of the Company for each of the preceding two (2) Financial Years referred to in Exhibit A of Warranty 1.1 have been audited by ShineWing CPAs which is qualified and registered in the PRC. The 2003 Audited Financial Statements of the Company as issued by ShineWing CPAs on February 4, 2004, give a true and fair view of the state of affairs of the Company as at the 2003 Audited Financial Statements Date and of their results for the Financial Year ended on the 2003 Audited Financial Statements Date.

- (b) Without limiting the generality of paragraph (a):
 - (i) the 2003 Audited Financial Statements of the Company either make full provision for or disclose all liabilities (whether actual, contingent or disputed and including financial lease commitments and pension

**** indicates where a confidential portion has been omitted and filed separately with the Commission

liabilities), all outstanding capital commitments and all bad or doubtful debts of the Company as at the 2003 Audited Financial Statements Date, in each case in accordance with accounting principles stipulated under PRC laws and regulations;

- (ii) the audited financial statements of the Company for each of its last two (2) Financial Years ended on the 2003 Audited Financial Statements Date were prepared under the historical convention, complied with the requirements of all relevant laws then in force and with all statements of standard accounting practice (or financial reporting standards) and accounting principles stipulated under PRC laws and regulations;
- (iii) the results shown by the audited financial statements of the Company for each of its two (2) Financial Years ended on the 2003 Audited Financial Statements Date were not (except as therein disclosed) affected by any extraordinary or exceptional item or by any other factor rendering such results for all or any of such periods unusually high or low.

MANAGEMENT ACCOUNTS

3.2(a) The unaudited management accounts of the Company for the period which started immediately after the 2003 Audited Financial Statements Date and ended on the date that is ten (10) Business Days immediately prior to the Completion Date referred to in Exhibit A of Warranty 1.1 were properly prepared:

- (i) in a manner consistent with that adopted in the preparation of such accounts for all periods ended during the twelve (12) months prior to the 2003 Audited Financial Statements Date; and
- (ii) otherwise strictly in accordance with the generally accepted accounting principles of the PRC then in force.

(b) Having regard to the generally accepted accounting principles of the PRC then in force and to the purpose for which such unaudited management accounts were prepared, they are not misleading in any material respect and neither materially over-state the value of the assets nor materially under-state the liabilities of the Company as at the dates to which they were drawn up and do not materially over-state the profits of the Company in respect of the periods to which they relate.

POSITION SINCE 2003 AUDITED FINANCIAL STATEMENTS DATE

3.3(a) Since the 2003 Audited Financial Statements Date there has been no material adverse change in the financial or trading position or in the prospects of the Company and no event, fact or matter has occurred which is likely to give rise to any such change, and the business of the Company has been carried on in the ordinary and usual course.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

(b) Since the 2003 Audited Financial Statements Date:

- (i) no dividend or other distribution has been declared, paid or made by the Company (except for any dividends provided for in the 2003 Audited Financial Statements of the Company, if any);
- (ii) the registered capital of the Company has not been increased or agreed to be increased by the Company, and the interest of the Sellers in the registered capital of the Company has not been transferred or agreed to be transferred other than as pursuant to this Agreement;
- (iii) there has been no material change in the level of borrowing or in the working capital requirements of the Company;
- (iv) all transactions between the Company and any of the Sellers and their Affiliates have been on arm's length terms;
- (v) no contract, liability or commitment (whether in respect of capital expenditure or otherwise) has been entered into by the Company which is of a long term or unusual nature or which involved or could involve an obligation of a material nature or magnitude (a liability for expenditure in excess of RMB1 million being included as MATERIAL for this purpose);
- (vi) The Company has not (whether in the ordinary and usual course of business or otherwise) acquired or disposed of, or agreed to acquire or dispose of, any business or any asset having a value in excess of RMB1 million;
- (vii) no debtor has been released by the Company on terms that it pays less than the book value of its debt and no debt in excess of RMB1 million owing to the Company has been deferred, subordinated or written off or has proved to any extent irrecoverable;
- (viii) no change has been made in terms of employment, including pension fund commitments, by the Company (other than those required by law) which could increase the total staff costs of the Company by more than RMB1 million per annum or the remuneration of any one director or employee by more than RMB50,000 per annum;
- (ix) there has been no unusual increase or decrease in the level of the stock and/or work in progress of the Company; and
- (x) there has been no material increase or decrease (an increase or decrease in excess of RMB100,000 being included as MATERIAL for this purpose) in the levels of debtors or creditors or in the average collection or payment periods for the debtors and creditors respectively.

WORKING CAPITAL AND NET BOOK VALUE OF THE COMPANY

**** indicates where a confidential portion has been omitted and filed separately with the Commission

3.4(a) Having regard to existing bank and other financial facilities, the Company has available to it working capital at a normal and reasonable level to enable it to continue to carry on its business in its present form and at its present level of turnover.

(b) The Company has a net book value as of the Completion Date of not less than ****.

ACCOUNTING AND OTHER RECORDS

3.5 The statutory books, books of account and other records of the Company are up-to-date and have been maintained in accordance with all applicable laws and accounting principles stipulated under PRC laws and regulations on a proper and consistent basis, and are in the possession of the Company or under its control together with all documents of title and executed copies of all existing agreements to which the Company is a party.

DEBT POSITION

DEBTS OWED TO THE COMPANY

4.1(a) There are no debts owing to the Company other than trade debts incurred in the ordinary and usual course of business.

(b) The book debts shown in the 2003 Audited Financial Statements of the Company have been realised their nominal amount less any specific provision for bad or doubtful debts included in such accounts. The book debts owed to the Company incurred since the 2003 Audited Financial Statements Date and which are due on the Completion Date will be realised in accordance with their terms not less than ninety-five (95%) of their nominal amount.

DEBTS OWED BY THE COMPANY

4.2 Except as provided in the succeeding sentence, the Company is clean and free from Shareholders' Loans and Financial Indebtedness and any other form of indebtedness (excluding trade payable and dividend payable). To the extent there is any form of indebtedness outstanding as of Completion, the Company shall have a cash balance not less than RMB150,000,000 plus the aggregate amount of such indebtedness.

REGULATORY MATTERS

LICENCES

5.1(a) The Company has obtained all licences, permissions, authorisations and consents including environmental clearances and approvals required for carrying on its business effectively in the places and in the manner in which such business is now carried on.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

- (b) The licences, permissions, authorisations and consents referred to in paragraph (a) are in full force and effect, are not limited in duration or subject to any unusual or onerous conditions and have been complied with in all respects.
- (c) There are no circumstances which indicate that any of the licences, permissions, authorisations or consents referred to in paragraph (a) will or are likely to be superseded, cancelled, revoked or not renewed, in whole or in part, in the ordinary course of events (whether as a result of the acquisition of the Transferred Interests by Dana or otherwise).

COMPANY'S ASSETS

OWNERSHIP

- 6.1 Each of the Assets included in the 2003 Audited Financial Statements of the Company or acquired by it since the 2003 Audited Financial Statements Date (other than assets sold in the ordinary course of business) is the absolute property of the Company. Those Assets are not the subject of any Encumbrances.

ASSETS USED BY THE COMPANY

- 6.2(a) The Company either validly owns all of the material Assets used by the Company (including without limitation fixed assets, the Technologies and Know-how and other Intellectual Property Rights, and the Real Properties) in the ordinary and usual course of its business or has secured rights to use such assets.
- (b) To the extent (if any) any of the Assets is used by the Company, or any facilities or services are provided to the Company by any third party, pursuant to existing contracts or arrangements, expiration of said existing contracts or arrangements, or early termination or breach of said existing contracts or arrangements by any third party will not have any material adverse impact on the Company's business operations.

ADEQUACY OF ASSETS

- 6.3 The Assets of the Company and the facilities and services to which the Company has a contractual right include all rights, properties, assets, facilities and services necessary for the Company to conduct its business in the ordinary course at the production levels achieved in 2004 including all assets reflected in the Company's balance sheet. The Company has not disposed of any material asset since December 31, 2003 except in the ordinary course of business for fair value.

CONDITION

- 6.4 All the plant, machinery, equipment and vehicles used by the Company are in a good state of repair and have been regularly and properly maintained in

**** indicates where a confidential portion has been omitted and filed separately with the Commission

accordance with appropriate technical specifications, safety regulations and the terms and conditions of any applicable agreement.

STOCKS

6.5 The current raw materials and stock of the Company are adequate in relation to the current trading requirements of the Company; are in good undamaged and merchantable condition; and are not obsolete.

INVENTORIES

6.6 The inventories of the Company correspond in volume, nature, condition, merchantability and their storage profile in all material respect to prudent business management practices and to the inventory level set out in the 2003 Audited Financial Statements. To the best knowledge of the Sellers, there have been no material changes (a change in excess of RMB 100,000 being included as MATERIAL for this purpose) with regard to any inventory losses or shrinkage since the 2003 Audited Financial Statements Date.

ACCOUNTS RECEIVABLE

6.7 Intentionally left blank.

ACCOUNTS PAYABLE

6.8(a) The accounts payable of the Company include only trade accounts payable incurred in the Company's ordinary and usual course of business having been paid as they become due.

(b) Since the 2003 Audited Financial Statements Date, the amount of such trade accounts payable of the Company has been changed only by trade accounts payable incurred in the ordinary and usual course of business of the Company.

CASH

6.9(a) The Company shall have a cash balance not less than RMB 150,000,000 plus the aggregate amount of any form of indebtedness outstanding as of Completion, to the extent there is any such indebtedness.

(b) Since the 2003 Audited Financial Statements Date, the cash balances of the Company have been changed only by any payments or payables received or made in the ordinary and usual course of business of the Company.

INSURANCES

6.10(a) All of the assets used by the Company are properly insured at least at their respective replacement values and the insurances maintained by the Company are in full force and effect and, there are no circumstances which might lead to any liability under such insurance being avoided by the insurers or the premiums being increased.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

- (b) No claim is outstanding by the Company under any such policy of insurance and, to the best knowledge of the Sellers, there are no circumstances likely to give rise to such a claim.

INTELLECTUAL PROPERTY RIGHTS

TECHNOLOGIES AND KNOW-HOW AND OTHER REGISTERED RIGHTS

- 7.1(a) The Company owns all of the rights and interests in, and has title to, all Intellectual Property Rights, including without limitation, the Technologies and Know-how, which are required to carry on its business as it is presently carried on. Exhibit E contains a complete list of all of the technologies and know-how owned by the Company pertaining to the design and manufacture of vehicle axle products.
- (b) All Intellectual property Rights owned and used by the Company are: (i) valid and subsisting; (ii) not subject to any Encumbrances; and (iii) duly registered with the relevant authorities by and in the name of the Company in accordance with relevant PRC laws and regulations, if registerable.
- (c) No act has been done or omitted to be done and no event has occurred or is likely to occur which may render any of such Intellectual Property Rights subject to revocation, cancellation or amendment or may prevent the grant or registration of a valid Intellectual Property Right pursuant to a pending application. The Intellectual Property Rights owned or used by the Company will not be lost, or rendered liable to termination, by virtue of the acquisition by Dana of the Transferred Interests or the performance of this Agreement.
- (d) No compulsory licenses, licenses of right or anything similar have been granted for such Intellectual Property Rights.

INFRINGEMENT

- 7.2(a) None of the operations of the Company infringes, or is likely to infringe, the intellectual property rights of any third party.
- (b) There exists no actual or threatened infringement by any third party of any Intellectual Property Rights held or used by the Company (including misuse of confidential information) or any event likely to constitute such an infringement nor has the Company acquiesced in the unauthorised use by any third party of any such Intellectual Property Rights.
- (c) There have been no challenges by any third party to the Company's use and ownership of the Intellectual Property Rights (including the Technologies and Know-how) listed in Exhibit E since the establishment of the Company.

CONFIDENTIAL INFORMATION

- 7.3 Where information of a confidential nature has been developed or acquired by the Company for the purposes of its business (including without limitation the

**** indicates where a confidential portion has been omitted and filed separately with the Commission

Technologies and Know-how and any trade secrets), since the establishment of the Company, such information (except insofar as it has fallen into the public domain through no fault of the Company) has been kept strictly confidential and has not been disclosed otherwise than subject to an obligation of confidentiality and limited use being imposed on the person to whom the information was disclosed. The Sellers are not aware of any breach of such confidentiality obligations by any third party that could have an adverse impact on the business or prospects of the Company.

RECORDS AND SOFTWARE

- 7.4(a) All the accounting records and systems (including but not limited to computerised accounting systems) of the Company are recorded, stored, maintained or operated or otherwise held by the Company and are not wholly or partly dependent on any facilities or systems which are not under the exclusive ownership or control of the Company.
- (b) The Company is licensed to use all software necessary to enable it to continue to use its computerised records for the foreseeable future in the same manner in which they have been used prior to the date of this Agreement and does not share any user rights in respect of such software with any other person.

CONTRACTUAL MATTERS

MATERIAL CONTRACTS

- 8.1 Except as otherwise specified in this Agreement, there is not outstanding any agreement or arrangement to which the Company is a party:
- (a) which will result in the Company becoming liable for any finder's fee, brokerage or other commission in connection with the acquisition of the Transferred Interests by Dana;
- (b) and to which any of the Sellers or their Affiliates is also a party or in which any of the Sellers and their Affiliates (or any director of any of the Sellers and their Affiliates or of the Company or any person connected with any of them) is interested or from which any such person takes benefit, whether directly or indirectly;
- (c) entered into otherwise than by way of a bargain at arm's length;
- (d) which requires (or confers any right to require) the allotment or issue of any shares, debentures or other securities of the Company now or at any time in the future;
- (e) which establishes any guarantee, indemnity, suretyship, form of comfort or support (whether or not legally binding) given by the Company in respect of the obligations or solvency of any third party;

**** indicates where a confidential portion has been omitted and filed separately with the Commission

- (f) pursuant to which the Company has sold or otherwise disposed of any company or business in circumstances such that it remains subject to any liability (whether contingent or otherwise) which is not fully provided for in its 2003 Audited Financial Statements;
- (g) which, upon completion by the Company of its work or the performance of its other obligations under it, is likely to result in a loss for the Company which is not fully provided for in its 2003 Audited Financial Statements or which either is not expected to make a normal profit margin or involves an abnormal degree of risk;
- (h) which establishes any joint venture, consortium, partnership or profit (or loss) sharing agreement or arrangement to which the Company is a party;
- (i) any power of attorney given by the Company or any other authority which would enable any person not employed by the Company to enter into any contract or commitment on behalf of the Company;
- (j) which is a currency and/or interest rate swap agreement, asset swap, future rate or forward rate agreement, interest cap, collar and/or floor agreement or other exchange or rate protection transaction or combination thereof or any option with respect to any such transaction or any other similar transaction to which the Company is a party; and
- (k) which is any other agreement or arrangement having or likely to have a material adverse effect on the financial or trading position or prospects of the Company.

NO DEFAULT BY THIRD PARTY

- 8.2 No party with whom the Company has entered into any agreement or arrangement is in default under such agreement or arrangement and there are no circumstances likely to give rise to any such default.

TRADING RELATIONSHIPS

- 8.3 During the twelve (12) months preceding the date of this Agreement no significant customer of or supplier to the Company has ceased to deal with the Company or has indicated an intention to cease to deal with the Company, either in whole or in part, and, to the best knowledge of the Sellers, no such person is likely to cease to deal with the Company or deal with the Company on a significantly smaller scale (whether as a result of the acquisition of the Transferred Interests by Dana or other performance of the terms of this Agreement or for any other reason).

LITIGATION AND INVESTIGATIONS

LITIGATION

**** indicates where a confidential portion has been omitted and filed separately with the Commission

- 9.1(a) Except as plaintiff in the collection of debts arising in the ordinary course of business (none of which exceeds RMB100,000 and which do not exceed RMB 1 million in aggregate), the Company is not a plaintiff or defendant in or otherwise a party to any litigation, arbitration or administrative proceedings which are in progress or threatened or pending by or against or concerning the Company or any of its assets.
- (b) No governmental or official investigation or inquiry concerning the Company is in progress or pending.
- (c) The Sellers are not aware of any circumstances which are likely to give rise to any such proceeding, investigation or inquiry as is referred to in paragraph (a) or paragraph (b).

DEFECTIVE PRODUCTS

- 9.2 The Company has not manufactured, sold or supplied any product or service which is or was or will become in any material respect faulty, defective or dangerous (unless inherently dangerous) or which does not comply in any material respect with any warranties or representations expressly or impliedly made by the Company or with all applicable laws, regulations, standards and requirements in circumstances where the liability of the Company will or is likely to exceed any provision or reserve for product liability claims included in the 2003 Audited Financial Statements of the Company.

DIRECTORS AND EMPLOYEES

EMPLOYEES

- 10.1(a) The Company has approximately 6,847 active employees including senior management personnel as of the date of this Agreement. Except as in conformity with ordinary and usual practices for all periods ended during the twelve (12) months prior to the 2003 Audited Financial Statements Date, the Company has not, since the 2003 Audited Financial Statements Date, entered into any arrangements regarding any future variation in any contract of employment in respect of any of its directors and employees or any agreement imposing an obligation on the Company to increase the basis and/or rates of remuneration and/or the provision of other benefits in kind to or on behalf of any of its directors or employees at any future date.
- (b) The Company has in relation to each of its employees (and so far as relevant to each of its former employees) complied in all material respects with all statutes, regulations, codes of conduct, collective agreements, terms and conditions of employment, orders and awards relevant to their terms and conditions of service or to the relations between it and its employees (or former employees, as the case may be) or any recognised trade union, staff association or other body representing its employees or any of them.
- (c) The Company has made all required contributions (whether under any statute, contract or otherwise) for its employees under its current housing fund, basic

**** indicates where a confidential portion has been omitted and filed separately with the Commission

and supplemental pension schemes, medical insurance, unemployment insurance and maternity insurance or other housing, retirement and welfare schemes implemented pursuant to and in accordance with applicable State and local laws and regulations of the PRC and the relevant pension or other welfare scheme documents, as applicable.

DISPUTES

10.2(a) No dispute has arisen since the establishment of the Company between the Company and a material number or category of its employees (or any trade union or other body representing all or any of such employees) which resulted in any payment by the Company or which had any substantial impact on the Company. There are no present circumstances which are likely to give rise to any such dispute.

(b) The Company has no outstanding liability of a material nature (a liability in excess of RMB30,000 with the aggregate amount in excess of RMB300,000 being included as MATERIAL for this purpose) with respect to a work-related or non-work-related accident, injury or illness of any employee.

INCENTIVE SCHEMES

10.3 Except as otherwise specified in this Agreement, the Company does not have in existence (or is proposing to introduce) any share incentive scheme, share option scheme or profit sharing, bonus, commission or other incentive scheme for all or any of its directors or employees.

PAYMENTS ON TERMINATION

10.4(a) Except to the extent (if any) to which provision or allowance has been made in the 2003 Audited Financial Statements, no outstanding liability of a material nature (a liability in excess of RMB30,000 with the aggregate amount in excess of RMB300,000 being included as MATERIAL for this purpose) has been incurred by the Company for breach of any contract of employment or for services or redundancy payments, protective awards, compensation for wrongful dismissal or unfair dismissal or for failure to comply with any order for the reinstatement or re-engagement of any employee or for any other liability accruing from the termination of any contract of employment or for services.

(b) No gratuitous payment in a material amount (an amount in excess of RMB30,000 with the aggregate amount in excess of RMB300,000 being included as MATERIAL for this purpose) has been made or benefit given (or promised to be made or given) by the Company in connection with the actual or proposed termination or suspension of employment or variation of any contract of employment of any present or former director or employee,

EFFECT OF SALE

**** indicates where a confidential portion has been omitted and filed separately with the Commission

10.5 Except as otherwise specified in this Agreement, to the best knowledge of the Sellers, no officer or senior employee of the Company has tendered resignation as a result of the acquisition of the Transferred Interests by Dana or other performance of this Agreement.

INSOLVENCY

11.1 No order has been made, petition presented or meeting convened for the purpose of considering a resolution for the winding up of the Company or for the appointment of any provisional liquidator. No petition has been presented for an administration order to be made in relation to the Company, and no receiver (including any administrative receiver) has been appointed in respect of the whole or any part of any of the property, assets and/or undertaking of the Company.

11.2 No composition in satisfaction of the debts of the Company, or scheme of arrangement of its affairs, or compromise or arrangement between it and its creditors and/or members or any class of its creditors and/or members, has been proposed, sanctioned or approved.

11.3 No Seller or the Company has been party to any transaction with any third party or parties which, in the event of any such third party going into liquidation or a bankruptcy order being made in relation to it or him, may constitute (in whole or in part) a voidable transaction under PRC insolvency laws and regulations.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

PART B: PROPERTY WARRANTIES

1. The Factories were properly constructed in accordance with, and remain in conformity with, all applicable building codes and standards, have been regularly and properly maintained since completion of construction and are in good repair.
2. The Company has not received adverse surveyors', engineers' or other professional reports in respect of the Factories and no material, substance or method of construction not in accordance with currently accepted good building practice was used in the construction of the Factories.
3. The Company has duly complied with all the terms and conditions of and all its obligations under the relevant land use rights contract and has duly and punctually paid all fees payable thereunder; there has not been and the Sellers are not aware of any complaint being made against the Company by any competent authority or person under the land use rights contract or in relation to the Company's use or occupation of any Factory or the Office Buildings.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

PART C: ENVIRONMENTAL, HEALTH AND SAFETY WARRANTIES

1. The Company has complied in all material respects with all requirements imposed by any relevant environmental and health and safety laws and regulations and has incurred no liability as a result of any breach of any such requirements which is attributable to the operations of the Company or the ownership or use of its Assets, including the Real Properties.
2. There are no claims, proceedings, actions, notices, demands or investigations in relation to the Company or any of its respective Assets, including the Real Properties, with respect to any non-compliance with or liability under environmental or health and safety laws, nor are there any such claims, proceedings, actions, notices, demands or investigations pending or threatened, to the best knowledge of the Sellers.
3. To the best knowledge of the Sellers, there are no circumstances that could reasonably be expected to give rise to any non-compliance with or liability under environmental or health and safety laws (whether actual or contingent) in relation to the Company or any of its respective Assets, including the Real Properties.
4. Neither the Company nor any of its respective Assets, including the Real Properties, has been the subject of an audit report, assessment, review or investigation (including any testing, sampling or monitoring) since the establishment of the Company in relation to any environmental or health and safety matter which has been prepared by or on behalf of, or is in the possession or control of the Sellers, the Company or any regulatory body with jurisdiction in relation to environmental laws.
5. There is no pollution or contamination of the environment on, in, at, under or migrating to or from, any Land or Factory or the Office Buildings or, in relation to the Company, which may give rise to any material liability under environmental laws.
6. In relation to the Real Properties and the Assets of the Company, the Company has no material liabilities (a liability in excess of RMB100,000 being included as MATERIAL for this purpose) in relation to the environment whether under contract with another party or otherwise.
7. The Sellers have, or have caused the Company to have, at all times taken all necessary steps to ensure the proper keeping, treatment, management, consignment and disposal of wastes produced in the course of the business of the Company so as to comply with all environmental laws.
8. The Company has taken all reasonable steps to prevent damage to the environment which could give rise to a third party claim of a material nature (a claim in excess of RMB100,000 being included as MATERIAL for this purpose) or render any premises used or occupied by the Company unusable or subject to an order for decontamination or a similar procedure.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

PART D: PENSION AND FUND WARRANTIES

1. The Company is responsible for making contribution only to the funds (at their respective contribution rates) set forth below:

No.	Name of the Fund	Contribution Rate*
1.	Welfare Fund	****
2.	Labor Union Fund	****
3.	Medical Insurance Fund including: Basic Medical Insurance: **** Supplemental Medical Insurance: **** Medical Aid Fund: ****	****
4.	Pension Insurance Fund including: Basic Pension Insurance: **** Supplemental Pension Insurance: **** **	****
5.	Unemployment Insurance Fund	****
6.	Maternity Insurance Fund	****
7.	Work-related Injury Insurance Fund	****
8.	Housing Fund***	****
9.	Employee Education Fund	****

Note: *All rates are set out as a percentage of the contribution salary, which are comprised of basic salary, seniority salary, performance salary and benefit salary, overtime salary, nightshift salary, and other form of salary.

The contribution rate for the Supplemental Pension Insurance will be increased from ** to **** on 1 July 2005.

The contribution rate for the Housing Fund is currently at * in Shiyuan and **** in Xiangfan.

- 2. As of Completion, the Company has made full contributions to all of the aforesaid funds that are required to be made prior to Completion.
- 3. The JV's responsibilities with regard to all of the funds set forth above shall be fully discharged so long as the JV has paid in full contributions to such

**** indicates where a confidential portion has been omitted and filed separately with the Commission

funds based on the respective rates set forth above, and the JV shall not be responsible for managing the funds thereunder nor making payment of benefits required thereunder.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

PART E: TAX WARRANTIES

1. All liabilities to any form of Taxation created by or imposed on the Company or for which the Company is liable to account for by any Taxing Authority and whether actual, deferred, provisional, contingent or disputed in respect of any period or periods ending on or before the 2003 Audited Financial Statements Date have either been fully paid and discharged by the Company or fully provided for or disclosed in the 2003 Audited Financial Statements, and all such liabilities for the period which started immediately after the 2003 Audited Financial Statements Date and ended on the date that is ten (10) Business Days immediately prior to the Completion Date will be fully paid and discharged by the Company prior to Completion or fully provided for or disclosed in the unaudited management accounts of the Company and the Completion Account.

**** indicates where a confidential portion has been omitted and filed separately with the Commission

EXHIBIT A TO SCHEDULE 8.1A

ACCOUNTS

**** indicates where a confidential portion has been omitted and filed separately with the Commission

EXHIBIT B TO SCHEDULE 8.1A

CORPORATE DOCUMENTS

**** indicates where a confidential portion has been omitted and filed separately with the Commission

EXHIBIT C TO SCHEDULE 8.1A

LICENSES

**** indicates where a confidential portion has been omitted and filed separately with the Commission

EXHIBIT D TO SCHEDULE 8.1A

LIST OF ASSETS AND REAL PROPERTIES

**** indicates where a confidential portion has been omitted and filed separately with the Commission

EXHIBIT E TO SCHEDULE 8.1A
INTELLECTUAL PROPERTY RIGHTS

**** indicates where a confidential portion has been omitted and filed separately with the Commission

SCHEDULE 8.1B
REPRESENTATIONS AND WARRANTIES OF DANA

Dana represents and warrants to the Sellers as follows:

- (a) Dana is a corporation duly organized and validly existing under the laws of the Republic of Mauritius.
- (b) Dana has full legal right, power and authority to execute this Agreement and all of the contracts and documents referred to in this Agreement and to which Dana is a party and to observe and perform its obligations under this Agreement and those contracts and documents.
- (c) Dana has taken all appropriate and necessary action to authorize the execution of this Agreement and all of the contracts and documents referred to in this Agreement to which Dana is a party and to authorize the performance and observance of the terms and conditions of this Agreement and those contracts and documents.
- (d) Dana has obtained all consents, approvals and authorizations necessary to validly execute this Agreement and all of the contracts and documents referred to in this Agreement to which Dana is a party, and to observe and perform its obligations under this Agreement and those contracts and documents.

March 10, 2005

DONGFENG MOTOR CO., LTD.

DONGFENG (SHIYAN) INDUSTRIAL COMPANY

DONGENG MOTOR CORPORATION

AND

DANA MAURITIUS LIMITED

=====

SALE AND PURCHASE AGREEMENT FOR
THE ACQUISITION OF AN AGGREGATE
FIFTY PERCENT (50%) OF THE
REGISTERED CAPITAL OF DONGFENG
AXLE CO., LTD.

=====

CONTENTS

CLAUSE	PAGE
1. INTERPRETATION.....	2
2. SALE OF THE TRANSFERRED INTERESTS AND PURCHASE PRICE....	2
3. CONDITIONS PRECEDENT.....	3
4. PRE-COMPLETION UNDERTAKINGS.....	4
5. COMPLETION.....	4
6. COMPLETION ACCOUNTS AND POST-COMPLETION UNDERTAKINGS....	5
7. RESTRICTIONS ON THE SELLERS.....	8
8. WARRANTIES, UNDERTAKINGS AND INDEMNITIES.....	9
9. INDEMNITIES BY THE SELLERS.....	10
10. INDEMNITIES BY DANA.....	13
11. TAX COVENANTS.....	13
12. LIMITATIONS ON SELLERS' LIABILITIES.....	14
13. RIGHT TO TERMINATE.....	15
14. TAX, COSTS AND PAYMENTS.....	16
15. DFL'S GUARANTEE WITH RESPEC TO COMPANY EMPLOYEES.....	17
16. INSURANCE.....	17
17. ENTIRE AGREEMENT.....	17
18. VARIATION.....	18
19. ASSIGNMENT.....	18
20. ANNOUNCEMENTS.....	18
21. CONFIDENTIALITY.....	19
22. SEVERABILITY.....	19
23. COUNTERPARTS.....	19
24. WAIVERS.....	19
25. FURTHER ASSURANCE.....	20
26. NOTICES.....	20
27. EXECUTION AND EFFECTIVENESS.....	22
28. GOVERNING LAW.....	22

29. Settlement of disputes.....	22
30. Language.....	23
31. Signing Place and Date.....	24

*** indicates where a confidential portion has been omitted and filed separately with the Commission

EQUITY JOINT VENTURE CONTRACT

PREAMBLE

Whereas, DONGFENG AXLE CO., LTD. (hereinafter referred to as DAC) is a limited liability company incorporated in accordance with the laws of the People's Republic of China at the date hereof, whose shareholders are DONGFENG MOTOR CO., LTD. (hereinafter referred to as DFL) and DONGFENG (SHIYAN) INDUSTRIAL COMPANY (hereinafter referred to as DONGFENG INDUSTRY) and DONGFENG MOTOR CORPORATION (hereinafter referred to as DFM).

DFL, an equity joint venture company established in accordance with the laws of the People's Republic of China, and DANA Corporation (hereinafter referred to as DANA CORPORATION), a corporation established in accordance with the laws of the Commonwealth of Virginia, United States of America, entered into a Letter of Intent on September 24th, 2003, pursuant to which DFL and DANA agree to set up an equity joint venture company (hereinafter referred to as JVC) in Xiangfan Municipality, Hubei Province, PRC. DFL and DANA CORPORATION agree that the investment of DANA CORPORATION in the JVC will be carried out by DANA MAURITIUS LIMITED, a one hundred percent (100%) wholly owned subsidiary of DANA CORPORATION with limited liability established in accordance with the laws of Republic of Mauritius (hereinafter referred to as DANA).

In accordance with the Joint Venture Law (as defined hereinafter), the Joint Venture Regulations (as defined hereinafter) and other relevant laws and regulations of the PRC, DFL and DANA, adhering to the principles of equality and mutual benefit, agree after friendly consultations as follows:

ARTICLE 1

DEFINITION

1.1 DEFINITIONS

In this Contract, unless the context otherwise requires, the following expressions have the following meanings:

AFFILIATE means, in relation to any Party, any enterprise, corporation, partnership, trust or other entity (excluding the JVC) directly or indirectly controlling or controlled by or under direct or indirect common control with that Party; CONTROL for the purposes of this definition being taken to mean direct ownership of fifty percent (50%) or more of the registered capital, stocks or the voting rights of such enterprise or entity.

ANCILLARY CONTRACTS is defined in Article 30.1(a).

APPROVAL AUTHORITY is defined in Article 30.2(a).

ARTICLES OF ASSOCIATION means the Articles of Association of the JVC of even date herewith.

BOARD means the Board of Directors of the JVC.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

BREACHING PARTY is defined in Article 24.1(a).

CHINESE GAAP means the Generally Accepted Accounting Principles applicable in the PRC.

COMMERCIAL VEHICLES means those vehicles described in Article 4.2(b).

COMPANY TERM is defined in Article 22.1(a).

CONFIDENTIAL INFORMATION means Information relating to the business affairs, financial information, technology and know-how, and trade secrets of any Party or its Affiliate(s) and the JVC, obtained from that Party or its Affiliate(s) or obtained from any third party in the course of discussing, considering or implementing this Contract.

CONTRACT means this Equity Joint Venture Contract for the establishment of the JVC.

DANA means Dana Mauritius Limited, a limited liability company duly established and validly existing under the laws of the Republic of Mauritius.

DELEGATES means the General Manager, the Executive Deputy General Manager and the Deputy General Managers delegated to the JVC by either Party and other management and technical personnel to be delegated to the JVC upon agreement by both Parties.

DELEGATE AGREEMENT means the DFL Delegation Agreement or the DANA Delegation Agreement entered into between the JVC and DFL or DANA CORPORATION respectively.

DEPUTY GENERAL MANAGER and DEPUTY GENERAL MANAGERS means, respectively, each of the four (4) Deputy General Managers of the JVC individually and collectively.

DFL means Dongfeng Motor Co., Ltd., a Sino-foreign joint venture enterprise duly established by Dongfeng Motor Group Company Limited and Nissan China Company Limited and validly existing under the laws of the PRC.

EFFECTIVE DATE is defined in Article 30.2(a).

ENVIRONMENTAL LAW means any PRC national, provincial, municipal, or local law, judicial decision, regulation, rule, judgment, order, decree, injunction, permit or governmental restriction or any agreement with any governmental authority, whether now or hereafter in effect, relating to the environment, human health and safety or to pollutants, contaminants, wastes or chemicals or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substances as defined therein, wastes or materials.

ESTABLISHMENT DATE means the date on which the JVC is established as specified in Article 3.1.

EVENT OF FORCE MAJEURE is defined in Article 26.1.

EXCHANGE RATE means the median of the US\$ and RMB buying and selling rates quoted by the People's Bank of China on the date the relevant payment or transaction

*** indicates where a confidential portion has been omitted and filed separately with the Commission

occurs.

EXECUTIVE DEPUTY GENERAL MANAGER means the Executive Deputy General Manager of the JVC.

EXEMPTED TARGET is defined in Article 20.3.

FACTORY A means all the facilities, structures, buildings and improvements constructed and/or currently under construction, which are located at Land I.

FACTORY B means all the facilities, structures, buildings and improvements constructed and/or currently under construction, which are located at Land II.

FACTORY C means all the facilities, structures, buildings and improvements constructed and/or currently under construction, which are located at Land III.

FACTORY means Factory A, Factory B and Factory C individually; and FACTORIES means Factory A, Factory B and Factory C collectively.

FEASIBILITY STUDY REPORT means the feasibility study report prepared by the Parties for evaluating the technical and commercial feasibility of establishing an axle equity joint venture company in the Hubei Province, PRC.

FERC means a Foreign Investment Enterprise Foreign Exchange Registration Certificate.

GENERAL MANAGER means the General Manager of the JVC.

INFORMATION means information of whatever nature and whether written, oral, visual, pictorial, held electronically or otherwise, whether in whole or in part.

JOINT VENTURE LAW means the Law of the People's Republic of China on Equity Joint Ventures Using Chinese and Foreign Investment.

JOINT VENTURE REGULATIONS means the Implementing Regulations of the Law of the People's Republic of China on Equity Joint Ventures Using Chinese and Foreign Investment.

JVC means the PRC equity joint venture company established pursuant to this Contract.

LAND I means that certain parcel of land (Land Lot Number: 9-13-14-2 and Land Use Rights Certificate Number: 0913014-2) with a total area of approximately 134,319.10 square meters located on Jiefang Road, Xiangfan Municipality, Hubei Province, which the JVC will lease from DFM pursuant to the Land Lease Contract.

LAND II means those certain parcels of land (Land Lot Number: 9-5-242 and 9-5-743 and Land Use Rights Certificate Number: 0905242 and 0905743) with a total area of approximately 106,877.30 square meters located on No.1 Wudang Road, Maojian District, Shiyan Municipality, Hubei Province, PRC, which the JVC will lease from DFM pursuant to the Land Lease Contract.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

LAND III means those certain parcels of land (Land Lot Number: 9-8-9, 9-8-14, 9-8-219, 9-8-4, 9-8-1, 9-8-13, 9-8-2 and 9-8-220 and Land Use Rights Certificate Number: 0908009, 0908014, 0908219, 0908004, 0908001, 0908013, 0908002 and 0908220) with a total area of approximately 318,915.30 square meters located on Maojian Hall, Maojian District, Shiyan Municipality, Hubei Province, PRC, which the JVC will lease from DFM pursuant to the Land Lease Contract.

LAND IV means that certain parcel of land with an area of approximately 3,000 square meters located on No. 68 Migong Road, Xiangfan Municipality, Hubei Province, PRC, to which the JVC has exclusive use rights.

LAND means Land I, Land II, Land III or Land IV individually or Land I, Land II, Land III and Land IV collectively.

LAND LEASE CONTRACT means a land lease contract entered into between DFM and DAC on July 9, 2003.

NON-BREACHING PARTY is defined in Article 24.1(b).

OFFICE BUILDING means all the facilities, structures, buildings and improvements constructed and/or currently under construction, which are located at Land IV.

PARTY means DFL or DANA individually; and PARTIES means DFL and DANA collectively.

PERSON means any corporation, association, partnership, trust, body, entity, individual, or enterprise legal person.

PRODUCTS is defined in Article 4.2(b).

PRC means the People's Republic of China, (including Mainland China, the Hong Kong Special Administrative Region, Taiwan and the Macau Special Administrative Region), but for the purpose of this Contract, refers only to Mainland China.

PRC FINANCIAL STATEMENTS is defined in Article 16.3(a)(iv).

QCDD means quality assurance capability for Q, competitive pricing advantage for C, delivery time meeting the requirements of the production and operational model for D, and research and development capability for D.

R&D CENTER is defined in Article 9.6(a).

REPRESENTATIVE means in relation to a Party, a director, officer, employee, agent, servant or professional adviser of a Party or one of its Affiliates.

RMB means Renminbi, the lawful currency of the PRC.

SAFE means the State Administration of Foreign Exchange, its provincial branch in Hubei Province or its local branch in Xiangfan Municipality, as appropriate.

SAIC means the State Administration of Industry and Commerce, its provincial branch in Hubei Province or its local branch in Xiangfan Municipality, as appropriate.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

SENIOR MANAGERS is defined in Article 12.1(b)(iii).

SPA means the Sale and Purchase Agreement for the acquisition by Dana of an aggregate fifty percent (50%) of the registered capital of Dongfeng Axle Co., Ltd. entered into among DFL, Dongfeng Industry, DFM and Dana on the even date herewith.

U.S. or U.S.A. means the United States of America.

US GAAP means Generally Accepted Accounting Principles applicable in the United States of America.

US GAAP FINANCIAL STATEMENTS is defined in Article 16.3(a)(v).

US\$ means United States Dollars, the lawful currency of the United States of America.

WARRANTIES is defined in Article 5.4(b).

ARTICLE 2

PARTIES

2.1 CHINESE PARTY

The Chinese party to this Contract is Dongfeng Motor Co., Ltd. in English and [CHINESE CHARACTER] in Chinese (DFL), a Sino-foreign equity joint venture with limited liability duly organized and validly existing under the laws of the PRC with its legal address at 84 Baiye Road, Wuhan Economic Development Zone, Wuhan City, Hubei Province, PRC. The legal representative of DFL is:

Name: MIAO WEI
Position: Director of Board
Nationality: Chinese

2.2 FOREIGN PARTY

The foreign party to this Contract is Dana Mauritius Limited in English and [CHINESE CHARACTER] in Chinese (DANA), a corporation duly established and validly existing under the laws of the Republic of Mauritius, with its legal address at Level 6, One Cathedral Square, Pope Hennessy Street, Port Louis, Mauritius. The legal representative of DANA is:

Name: Robert E. Pollock
Position: Director
Nationality: United States of America

*** indicates where a confidential portion has been omitted and filed separately with the Commission

ARTICLE 3

THE JVC

3.1 ESTABLISHMENT OF THE JVC

In accordance with the Joint Venture Law, the Joint Venture Regulations and other relevant laws and regulations of the PRC, the Parties hereby agree to establish an equity joint venture company with limited liabilities (i.e. the JVC) pursuant to the terms of this Contract and the Articles of Association. The JVC shall be deemed to be duly established on the date set forth in the JVC's business license issued by the SAIC (the ESTABLISHMENT DATE).

3.2 NAME AND ADDRESS OF THE JVC

- (a) The name of the JVC shall be Dongfeng Dana Axle Co., Ltd. in English and P. [CHINESE CHARACTER] in Chinese.
- (b) The legal address of the JVC shall be: 10th Floor, Torch Building, Hi-Tech Industry Development Zone, Xiangfan, Hubei Province, PRC.
- (c) Upon the expiration of the Company Term or any early termination of the JVC, or if at any time during the Company Term DFL ceases to be a Party to this Contract or if DFL's equity interest falls below 50% of the registered capital of the JVC or if there is a change in the shareholding structure of or in the name of DFL or for any other reason, upon DFL's request, the JVC shall forthwith change its name by removing the word "Dongfeng" in English and "[CHINESE CHARACTER]" in Chinese from its name without replacing it with any similar word or expression.

Upon the expiration of the Company Term or any early termination of the JVC, or if at any time during the Company Term DANA ceases to be a Party to this Contract or if DANA's equity interest falls below 50% of the registered capital of the JVC or if there is a change in the shareholding structure of or in the name of DANA or for any other reason, upon DANA's request, the JVC shall forthwith change its name by removing the word "Dana" in English and "[CHINESE CHARACTER]" in Chinese from its name without replacing it with any similar word or expression.

3.3 LIMITED LIABILITY COMPANY

The JVC shall be a limited liability company. Each Party's liability shall be limited to the amount of the JVC's registered capital subscribed by the Party, and no Party shall have any other liability to the JVC or to any third party jointly or severally in excess of such amount. The Parties shall share the profits and, subject to the above, bear the risks and losses in accordance with the ratio of their capital contributions as set out in Article 5.2.

3.4 LEGAL PERSON STATUS

The JVC shall be a legal person under the laws of the PRC.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

3.5 COMPLIANCE WITH LAW

All activities of the JVC shall be governed and protected by the relevant published laws, regulations, decrees and rules of the PRC, and by the terms of this Contract and the Articles of Association of the JVC. The Parties recognize that in carrying out its obligations under this Contract, each Party shall also be subject to and must abide by applicable laws, regulations, decrees and rules of the jurisdiction of its establishment or its ultimate parent's establishment.

ARTICLE 4

PURPOSE, BUSINESS SCOPE AND SCALE OF PRODUCTION

4.1 PURPOSE

The purpose for the Parties to establish the JVC is to:

- (a) establish the JVC to be a technologically advanced manufacturing enterprise in the PRC of world class capabilities that will attain high operating performance standards and will conduct activities of research, design, manufacture and sale of Commercial Vehicle axle products and specialty vehicle axle products, all of which are asbestos-free and meet the environmental requirements of PRC and produce and sell related spare parts and components as well as provide after-sales services; and
- (b) allow the Parties to earn satisfactory profits.

4.2 BUSINESS SCOPE

- (a) The business scope of the JVC shall be to design, manufacture, promote, and sell Commercial Vehicle and specialty vehicle axle products and related spare parts and components, to research and develop new applications of such asbestos-free Commercial Vehicle and specialty vehicle axle products for the domestic PRC market, and to provide after-sales services and engineering support for such Commercial Vehicle and specialty vehicle axle products, as well as to engage in other business activities to promote the purpose and success of the JVC.

The detailed business scope of the JVC includes:

- (i) to research, design, manufacture, develop, promote and sell Commercial Vehicle axle products, specialty vehicle axle products and related parts and components, but specifically excluding outdoor power equipment products and off-highway vehicle axle products;
- (ii) to sell in the China market the above-mentioned products and provide after-sales services;
- (iii) to sell in the Hong Kong Special Administrative Region, Taiwan, and the Macau Special Administrative Region and in the international market as provided in Article 10.2 below;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (iv) to provide technical consultation services with respect to the axle products and components of the JVC;
 - (v) to import from DANA and distribute in the PRC vehicle axle products;
 - (vi) to research, design, develop, produce, promote, handle, deal in, sell or market only products that have no asbestos-containing materials or products; and
 - (vii) to engage in other business activities to promote the purpose and success of the JVC.
- (b) Specifically, the axle products to be manufactured or sold by the JVC shall be the following products (the PRODUCTS) for commercial vehicles (trucks having a gross vehicle weight above 4 tons as well as medium and large buses and coaches, collectively "COMMERCIAL VEHICLES") and specialty vehicles (i.e., occupational vehicles, fire and rescue vehicles, dump trucks, and cement trucks) but excluding outdoor power equipment products or off-highway products:
- (i) single and tandem drive axles;
 - (ii) non-driving steer axles;
 - (iii) pusher, tag and trailer axles;
 - (iv) drive steer axles;
 - (v) low floor bus axles;
 - (vi) brake components; and
 - (vii) hubs, drums and rotors.
- (c) The JVC will also manufacture and sell asbestos-free axle products for light vehicles (having a gross vehicle weight less than 4 tons). DFL and DANA will discuss forming a separate joint venture for the light axle business and other matters relating to the development of the light axle business.

4.3 ESTIMATED SCALE AND QUALITY OF PRODUCTION

- (a) The Parties estimate that the JVC shall formally commence operation after the issuance of the business license by SAIC, and the estimated annual production for that year will be set out in the Feasibility Study Report. Thereafter, the production capacity and scale of production may be expanded subject to the conditions of increased market demand and other economic conditions favoring expansion.
- (b) In recognition of the importance of the development and production of quality products to the success of the JVC, the JVC shall do its utmost to ensure that the JVC shall obtain and continue in effect certification of a world class quality system.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

4.4 LOCATION

- (a) The JVC's operations will be located on the Land of the JVC and other locations mutually agreed upon by the Parties. The JVC shall optimize the process and logistics of the business of the JVC in the best interests of both Parties.
- (b) The JVC may from time to time, as it deems necessary and after approval by the Board and the Approval Authority, establish branch organizations within the PRC to promote the JVC, the Products, and to provide information and advice to the customers of the JVC with respect to the installation and uses of the Products.

ARTICLE 5

TOTAL INVESTMENT AMOUNT AND REGISTERED CAPITAL

5.1 TOTAL INVESTMENT AMOUNT

The total investment amount of the JVC shall be Renminbi One Billion Five Hundred Million (RMB 1,500,000,000).

5.2 REGISTERED CAPITAL AND CONTRIBUTION RATIOS

The registered capital of the JVC shall be Renminbi Five Hundred Million (RMB 500,000,000), of which DFL shall contribute Renminbi Two Hundred and Fifty Million (RMB 250,000,000) accounting for fifty percent (50%) and DANA shall contribute Renminbi Two Hundred and Fifty Million (RMB 250,000,000) accounting for fifty percent (50%).

5.3 CONTRIBUTIONS OF THE PARTIES

- (a) DFL shall contribute to the JVC 50% of the registered capital of DAC, which has been subscribed and fully paid up by DFL as of the date hereof, representing 50% of the registered capital of the JVC.
- (b) DANA shall contribute to the JVC 50% of the registered capital of DAC, which DANA has acquired from DFL, Dongfeng Industry and DFM pursuant to the SPA and which has been subscribed and fully paid up by DFL, Dongfeng Industry and DFM as of the date hereof, representing 50% of the registered capital of the JVC.

5.4 REPRESENTATIONS AND WARRANTIES OF THE PARTIES

- (a) DFL represents and warrants to DANA and the JVC with respect to DAC, including without limitation all matters relating to its business, finance, assets and properties those representations and warranties (DFL REPRESENTATIONS AND WARRANTIES) set out in Schedule 8.1A of and other representation and warranties and undertaking in the SPA.
- (b) DANA represents and warrants to DFL and the JVC with respect to DANA's acquisition of 50% of the registered capital of DAC pursuant to the SPA those

*** indicates where a confidential portion has been omitted and filed separately with the Commission

representations and warranties (DANA REPRESENTATIONS AND WARRANTIES) set out in Schedule 8.1B of and other representation and warranties and undertaking in the SPA.

For the purposes of this Contract, the DFL Representations and Warranties and DANA Representations and Warranties are collectively referred to as the WARRANTIES.

- (c) The Warranties shall be deemed to be repeated immediately before the Establishment Date with reference to the facts then existing.
- (d) The rights and remedies of any Party under this Contract including those in respect of the Warranties, shall not be affected, and the other Party's liabilities under this Contract shall not be released, discharged or impaired, by (i) the completion of each Party's capital contributions to the registered capital of the JVC, (ii) any investigation made into the affairs of such other Party by that Party or any Affiliate of that Party, or (iii) any event or matter whatsoever, other than a specific and duly authorised written waiver or release by that Party.
- (e) Without prejudice to Article 24 below, each of the Parties hereby agrees to indemnify and keep the JVC and the other Party fully indemnified from and against all claims, demands, actions, damages, losses, costs, obligations, penalties, liabilities and expenses brought or made against or suffered or incurred by the JVC and/or such other Party as a result of or in respect of any breach by that Party of any Warranties applicable to that Party.
- (f) Both Parties agree that a claim for indemnity against one Party hereto under Article 5.4(e) above, whether asserted by the JVC or by the other Party, may be made by such other Party on behalf of itself and/or on behalf of the JVC.

5.5 TIMING OF CAPITAL CONTRIBUTIONS BY THE PARTIES TO THE JVC

The date of capital contribution by the Parties to the JVC shall be deemed to be the Completion Date as defined in the SPA. DFL's obligation with respect to its capital contributions to the JVC shall be deemed fully discharged on the Completion Date. DANA's obligation with respect to its capital contributions to the JVC shall be deemed fully discharged on the date which DANA has made full payment toward the Purchase Price (as defined in the SPA) in accordance with the terms and conditions of the SPA.

5.6 ADDITIONAL FINANCING AND ALTERATION OF REGISTERED CAPITAL

- (a) In addition to the registered capital, the JVC shall have the power to borrow any additional funds which it requires and to mortgage its assets in relation to such borrowing. Neither Party shall be obligated to lend funds to the JVC or to guarantee loans to the JVC from third parties or financial institutions. However, if a Party does agree to make such loans or guarantees, such Party shall be entitled to be paid interest and/or related fees, subject to the relevant provisions of the laws and regulations of PRC (pound) and the terms and conditions of such loans or guarantees shall be comparable to the terms and conditions of

*** indicates where a confidential portion has been omitted and filed separately with the Commission

loans or guarantees the JVC could have obtained from a third party on a negotiated and arm's length transaction.

- (b) During the Company Term, the JVC may alter its registered capital with the unanimous agreement of the Board and the approval of the Approval Authority. In the event that the Board unanimously agrees that if there is a financial or operational need to increase the registered capital of the JVC in excess of that stated in Article 5.2 above and either Party is either unwilling or unable for whatever reason to contribute to such capital increases, the other Party, in its discretion, in addition to its own subscription to such capital increase, can subscribe to the unsubscribed portion of such capital increase. The terms and conditions of such capital increase and subscription shall be stipulated in a separate agreement to be entered into between DFL and DANA, subject to the unanimous agreement of the Board and the approval of the Approval Authority.
- (c) Notwithstanding the provisions of the preceding two paragraphs,
 - (i) the Board shall make final decisions on all matters related to the capital structure and funding requirement of the JVC;
 - (ii) Prior to the Completion Date (as defined in the SPA), DANA and DFL will, based on recommendation from DANA's and DFL's financial team, set the targets for additional fundings from the Parties for the first 2 years after the JVC has been establishment;
 - (iii) Once the Board has decided that additional fundings from the Parties are required, both Parties shall provide funding to the JVC up to their pro rata shares of the aforesaid target by any of the following options (A) a shareholder loan to the JVC, (B) a parent guarantee supporting JVC's borrowing from any banks or financial institutions, or (C) a standby letter of credit;
 - (iv) Each Party shall be entitled to choose any of the aforesaid options and to substitute one option for the other at any time.

5.7 TRANSFER OF THE REGISTERED CAPITAL TO A THIRD PARTY OTHER THAN AN AFFILIATE

- (a) Subject to the provisions of paragraphs (b) and (c) of this Article 5.7 below, either Party may assign, sell or otherwise dispose of all or part of its registered capital contribution to the JVC to a third party, provided, however, that it first obtains the written consent of the other Party and the approval of the Approval Authority if required.
- (b) When a Party (the TRANSFERRING PARTY) wishes to assign, sell or otherwise dispose of all or part of its registered capital contribution to the JVC to a third party (other than a transfer by a Party to an Affiliate pursuant to the provisions of Article 5.8 below (hereinafter the TRANSFER), it shall notify the other Party in writing of (i) its wish to make the Transfer, (ii) the interest it wishes to transfer, (iii) the terms and conditions of the Transfer and (iv) the identity of

*** indicates where a confidential portion has been omitted and filed separately with the Commission

the proposed transferee (the NOTICE). The other Party shall have a pre-emptive right to purchase the whole of such interest on the terms and conditions specified in the Notice.

- (c) The other Party shall notify the Transferring Party within sixty (60) days of actual delivery of the Notice whether it will purchase the whole of the interest to be transferred. If the other Party fails to notify the Transferring Party within such sixty (60) day period that it will purchase such interest, it shall be deemed to have agreed to the Transfer to the proposed transferee specified in the Notice, and the Transferring Party may assign, sell or otherwise dispose of such interest to such proposed transferee, on the terms and conditions set out in the Notice. The Parties shall cause the directors to unanimously agree to such assignment, sale or other disposition. The Transferring Party shall provide the other Party with a duplicate of the executed written agreement with the transferee within fourteen (14) days of the execution of the agreement.
- (d) If any Party fails to satisfy the following conditions during the transfer of any part of its equity interest in the JVC, such transfer shall be void:
 - (i) The contents of the transfer agreement actually executed by the Transferring Party and the transferee shall be consistent with the contents of the Notice;
 - (ii) The transferee has provided the non-Transferring Party a written covenant letter (which shall be effective and in full force) with the undertaking that the transferee shall fulfil the Transferring Party's obligations under this Contract and shall be bound by this Contract as if it were the original signing party thereof;
 - (iii) The approval by the Approval Authority and amendment registration with registration authorities have been completed.
- (e) If the other Party does not wish to or is unable to exercise its pre-emptive right, it may not unreasonably withhold its consent to any proposed Transfer by the Transferring Party. Notwithstanding any provisions to the contrary, if the Transferring Party is DFL, DFL may not transfer its equity interest in the JVC to any competitor of DANA which is based in the PRC, Europe or North America, unless DANA has a direct or indirect ownership interest in such competitor; and if the Transferring Party is DANA, DANA may not transfer its equity interest in the JVC to any competitor of DFL which is based in the PRC, unless DFL has an ownership interest in such competitor. Moreover, if the capitalization, business prospect, credit rating and such other business criteria of the proposed transferee specified in the Notice as determined by an international investment banking firm, are poorer than those of the Transferring Party, the Transferring Party shall continue to be liable to the other Party for the obligations of the Transferring Party hereunder after the Transfer.

5.8 TRANSFER OF THE REGISTERED CAPITAL TO AN AFFILIATE

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (a) Notwithstanding the provisions of Article 5.7, either Party may freely assign its capital contribution to an Affiliate (which is not a competitor (with respect to the Products) or owned by a competitor (with respect to the Products) of the other Party or its Affiliates) after the following conditions having been satisfied:
 - (i) such transferring Party shall guarantee that all of its responsibilities and obligations under this Contract and under any Ancillary Contracts to which it is a party shall remain valid and unchanged as provided herein and therein, and
 - (ii) the Affiliate assignee shall be and have the ability to fully perform all of such transferring Party's responsibilities and obligations under this Contract; if any Ancillary Contracts to which such transferring Party is a party have been assigned by such transferring Party to its Affiliate assignee, the Affiliate assignee shall fully perform all of such transferring Party's responsibilities and obligations under such assigned Ancillary Contracts; for those ancillary Contracts which have not been assigned, such transferring Party shall continue to perform its responsibilities and obligations under such non-assigned Ancillary Contracts.

5.9 INVESTMENT CERTIFICATES

After the Completion Date, the JVC shall engage a major accounting firm registered in the PRC as mutually agreed by the Parties to verify the contributions and issue a verification report. Upon issuance of the verification report by the accounting firm, the JVC shall issue an investment certificate to each Party signed by the Chairman and Vice-Chairman of the Board, setting forth the following: (i) the name of the JVC, (ii) the Establishment Date, (iii) the name of the Parties and their respective capital contributions, (iv) capital contribution date, (v) the date of the verification report so as to confirm the amount contributed by each Party.

5.10 ENCUMBRANCE OF REGISTERED CAPITAL

No Party shall mortgage or otherwise encumber all or any part of its equity interest in the JVC without the consent of the other Party.

5.11 ANCILLARY CONTRACTS

- (a) On the date this Contract is signed, the following Ancillary Contracts are also signed or initialed by the relevant party or the Parties jointly (on behalf of the JVC):
 - (i) Articles of Association of the JVC for the establishment of the JVC in the form of Appendix 5.11(a)(i);
 - (ii) Technology and Know-How License Contract, in the form of Appendix 5.11(a)(ii), between DANA CORPORATION and the JVC;
 - (iii) Technical Assistance Contract, in the form of Appendix 5.11(a)(iii),

*** indicates where a confidential portion has been omitted and filed separately with the Commission

between DANA CORPORATION and the JVC;

- (iv) Long Term Supply Agreement, in the form of Appendix 5.11(a)(iv), between DFL and the JVC;
 - (v) DFL Delegation Agreement, in the form of Appendix 5.11(a)(v), between DFL and the JVC;
 - (vi) DANA Delegation Agreement, in the form of Appendix 5.11(a)(vi), between DANA CORPORATION and the JVC;
 - (vii) Labor Contract, in the form of Appendix 5.11(a)(vii);
 - (viii) Employee Manual, in the form of Appendix 5.11(a)(viii);
 - (ix) PRC Communist Party Organization and Labor Union Organization Agreement, in the form of Appendix 5.11(a)(ix);
 - (x) Labor and HR Agreement, in the form of Appendix 5.11(a)(x); and
 - (xi) Letter of Guaranty, in the form of Appendix 5.11(a)(xi)
- (b) On the first meeting of the Board, the Chairman or the General Manager as authorized by the Board (as appropriate in accordance with Article 12.1(b) below) shall sign on behalf of the JVC each of the Ancillary Contracts to which the JVC is a party.

ARTICLE 6

RESPONSIBILITIES OF EACH PARTY

6.1 RESPONSIBILITIES OF DFL

In addition to its other responsibilities under this Contract, upon the request of the JVC, DFL shall, at its own expense, use its commercially reasonable best effort to:

- (a) assist with:
 - (i) establishing the JVC, including submission of applications for approval of this Contract and the Articles of Association of the JVC to the Approval Authority and any other government authority whose approval is required, provided that any expenses (fees) of any Approval Authority shall be borne by the JVC;
 - (ii) registering the JVC with the SAIC;
 - (iii) issuance of the JVC's business license; and
 - (iv) registering the JVC with the relevant authorities including tax, customs and foreign exchange authorities.
- (b) assist the JVC in submitting the Ancillary Contracts to and obtaining the necessary approvals or registrations in respect thereof from the relevant

*** indicates where a confidential portion has been omitted and filed separately with the Commission

government authorities (if required under PRC law);

- (c) cause any Affiliate(s) of DFL which is a party to any contract to be entered into between the JVC and such Affiliate as mutually agreed to by the Parties to promptly execute such contract and, once such contract has been executed, cause such Affiliate to fully perform its obligations thereunder;
- (d) arrange for the lease to the JVC of Land I, II and III and the use of Land IV by the JVC as described in the first and second paragraphs of Article 8.1, handle registration procedures for the JVC's leasehold interests in Land I, II and III and JVC's use rights in Land IV with the relevant government department, and handle all other necessary procedures to ensure that the JVC has the exclusive right to use the Land in conformity with the scope of its operations for the Company Term, including any extensions, and that the JVC is issued and receives the Land Lease Certificate for Land I, II and III and required approval for Land IV from the relevant government department evidencing such leasehold interests and use rights;
- (e) handle registration procedures for the JVC's ownership rights in Factory A, Factory B, Factory C and the Office Buildings, and handle all other necessary procedures to ensure that the JVC is issued and receives the Real Estate Ownership Rights Certificates for Factory A, Factory B, Factory C and the Office Buildings from the relevant government department evidencing such ownership rights;
- (f) assist the JVC in contracting for and obtaining the fundamental facilities, services and utilities required by the JVC, including, but not limited to, water, electricity, telecommunications, transportation, etc., conforming to the specifications and conditions set out in the Feasibility Study Report, on a continuous uninterrupted basis, in quantities sufficient to meet the JVC's full operational requirements and in line with the practice in other comparable industrial joint ventures in Xiangfan Municipality, at the lowest possible cost in RMB;
- (g) if requested to do so, assist JVC in handling all employment and human resources related matters and such as the recruitment of qualified PRC management personnel, technical personnel and any other personnel required;
- (h) assist expatriate personnel of DANA CORPORATION and the JVC in handling the necessary procedures for entry visas, work permits and traveling arrangements, and to assist the JVC in arranging appropriate housing for expatriate employees of the JVC, and hotel accommodations for foreign personnel on temporary assignment to the JVC;
- (i) assist the JVC to prevent management and technical personnel and workers from disclosing any trade secrets of the JVC (including technology and know-how licensed to the JVC by DANA CORPORATION);
- (j) if requested to do so, assist the JVC in obtaining RMB and foreign exchange loans from financial institutions in the PRC;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (k) assist the JVC in applying for and obtaining all possible tax reductions and exemptions and all other relevant investment incentives, privileges and preferences available to the JVC under PRC law, including confirmation on the tax holiday available to the JV (including all of its plants and branches) and the designation of the JVC as an Encouraged Project, a Technologically Advanced and Innovative Enterprise, and a High-and-New-Technology Enterprise;
- (l) if requested to do so, assist the JVC in applying for and being granted all necessary approvals, permits, certificates and licenses required in connection with safety, environmental matters (especially waste disposal), and other matters regulated by governmental authorities;
- (m) assist the JVC in establishing a good relationship with government authorities and PRC domestic companies, including the existing customers and suppliers of DFL;
- (n) assist the JVC in formulating standards for recruiting, evaluating and promoting staff and workers; and
- (o) handle other matters as are entrusted to it by the JVC.

6.2 RESPONSIBILITIES OF DANA

In addition to its other responsibilities under this Contract, upon the request of the JVC, DANA shall, at its own expense, use its commercially reasonable best effort to:

- (a) cause any Affiliate(s) of DANA which is a party to any contract to be entered into between the JVC and such Affiliate(s) as mutually agreed to by the Parties to promptly execute such contract and, once such contract has been executed, cause such Affiliate shall fully perform its obligations thereunder;
- (b) assist the JVC in purchasing or leasing other machinery, equipment, supplies, office appliances, means of transportation, communications facilities and other materials required by the JVC from outside the PRC;
- (c) assist the JVC, at the JVC's expense, in arranging with the manufacturers of the machinery and equipment to be imported by the JVC for the provision of necessary technical personnel during the installation and commissioning of the machinery and equipment, if the Parties deem such assistance to be necessary;
- (d) assist the JVC in recruiting expatriate management and technical personnel;
- (e) assist the JVC in formulating standards for recruiting, evaluating and promoting staff and workers;
- (f) assist the JVC in arranging foreign visas and accommodations for personnel and directors of the JVC traveling abroad on JVC business;
- (g) cause DANA CORPORATION to provide technology to support the JVC in accordance with the Technology and Know-How License Contract, entered into between DANA CORPORATION and the JVC;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (h) assist the JVC, if being requested to do so and at the JVC's expense, in arranging visits to the facilities of Dana and Dana's Affiliates, which visits are, in Dana's opinion, conducive to the JVC's business and operations; and
- (i) perform other matters as are entrusted to it by the JVC.

ARTICLE 7

LICENSE OF TECHNOLOGY

- (a) As of the date hereof, the JVC and DANA CORPORATION shall enter into the Technology and Know-How License Contract in the form of Appendix 5.11(a)(ii), so that the JVC obtains the rights to use the advanced technology and know-how of DANA CORPORATION for the production of the Products. Appendix 1.1(A) of the Technology and Know-How License Contract has set forth JVC's partial requirements with regard to technology. During the valid term of the Technology and Know-How License Contract, DANA CORPORATION shall, at the request of the JVC from time to time, license to the JVC the requested technology, provided (i) that the Board agrees to import such technology and that (ii) DANA CORPORATION owns such technology. Subsequently, the JVC and DANA CORPORATION shall jointly make relevant amendment to the aforesaid Appendix 1.1(A).

DFL and DANA both agree that the Technology and Know-How License Contract is important for the success of the JVC.

- (b) The license of technology and know-how is conditioned upon:
 - (i) DANA CORPORATION obtaining export licenses, if any are required, from the government of the United States of America and any other country whose export control laws may apply, and
 - (ii) applicable laws, regulations and executive orders of the PRC government applicable to the license.
- (c) Both Parties acknowledge that this Contract is not a license of technology or of know-how and that the only grant of a license to technology and know how is in the Technology and Know-How License Contract.
- (d) The confidentiality obligations of the Parties with regard to such technology and know-how licensed under the Technology and Know-How License Contract are set forth in Article 21 below.
- (e) In connection with the technical support by DANA CORPORATION to the JVC, DANA CORPORATION or its relevant Affiliate(s) shall provide technical assistance to the JVC pursuant to the Technical Assistance Contract in the form of Appendix 5.11(a)(iii). All costs relating to the services to be performed by DANA CORPORATION or its relevant Affiliate(s) under the Technical Assistance Contract shall be dealt with by the parties thereto in accordance with the terms and conditions thereof.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

ARTICLE 8

LAND

8.1 LEASE OF LAND USE RIGHTS BY THE JVC

DFL shall arrange for the lease to the JVC of Land I, Land II, Land III and with an aggregate total area of 563,111.7 square meters as marked on Schedule 1I for the Company Term with an option of renewal, the term and conditions of such lease and option arrangement shall be further detailed in the Land Lease Contract. DFL shall also arrange for the use by the JVC of Land IV for the Company Term in accordance with the provisions hereof.

8.2 REGISTRATION OF THE LEASE OF THE LAND

DFL shall carry out formalities to register the lease of Land I, Land II and Land III to the JVC pursuant to the Land Lease Contract and the use of Land IV by the JVC with the relevant land and building administration authorities recognizing the JVC's leasehold interests in Land I, Land II and Land III and the JVC's use rights in Land IV. DFL shall ensure that the Land Lease Certificates for Land I, Land II and Land III and the required approval for Land IV evidencing the JVC's rights set forth in the preceding sentence is issued to the JVC within thirty (30) days after the JVC has been issued its business license.

8.3 REGISTRATION OF THE OWNERSHIP RIGHTS IN THE FACTORIES AND THE OFFICE BUILDINGS UNDER THE JVC'S NAME

- (a) Prior to the Establishment Date, DFL shall obtain one Real Estate Ownership Rights Certificate for each of Factory A, Factory B and Factory C and the Office Buildings, covering all buildings owned or used by DAC which are located on Land I, Land II, Land III and Land IV respectively. After the Establishment Date, DFL shall also carry out formalities to register the ownership rights in Factory A, Factory B, Factory C and the Office Buildings under the JVC's name with the relevant land and building administration authorities recognizing the JVC's ownership rights in Factory A, Factory B, Factory C and the Office Buildings. DFL shall ensure that the Real Estate Ownership Rights Certificates for Factory A, Factory B, Factory C and the Office Buildings evidencing the JVC's rights set forth in the preceding sentence are issued to the JVC within thirty (30) days after the JVC has been issued its business license.
- (b) In the event that any outside factors related to the Land renders the JVC unable to continue to operate on the Land, or the terms and conditions of the lease of any of the Land by DFM to the JVC are not generally consistent with those for the lease of land by DFM to DFL or the terms and conditions of the use by the JVC of Land IV are not generally consistent with the current terms and conditions of use, DFL shall, at the JVC's request, buy back the Factory or the Office Buildings on the Land so affected at the then book value of such Factory or such Office Buildings.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

8.4 LAND USE FEE AND LAND USE TAX

As agreed in the Land Lease Contract and between the Parties, DFL shall ensure that the JVC will have complete and exclusive use and occupancy of the Land and that the JVC will at all times during the term of the lease, have the exclusive, peaceful and quiet enjoyment and possession of all of the Land without any manner of claim or hindrance from any parties and free and clear of any claims or rights of interest or molestation of any kind relating to such quiet possession and use. Pursuant to the provisions of Article 8.3 above, DFL shall also register the ownership rights in the Factories and the Office Buildings under the JVC's name clear and free of any mortgage, pledge, lien, charge, encumbrance, assignment, hypothecation, priority, security interest, option, warrant, title retention, preferential right, trust arrangement, security agreement or arrangement, or other third party claims or rights (including rights of pre-emption) of any nature whatsoever and with land use fees, land use taxes and land registration fees paid in full by DFM. In the event that DFM defaults in the payment of any fee, tax or other payment to be made by it which affects the JVC's right to use any of the Land or the JVC's ownership interests in the Factories and/or the Office Buildings, the JVC may (but shall not be obligated to) pay and discharge such fee, tax or other payment on behalf of DFM and shall be entitled to recover any sum so paid as a debt and/or claim for damages from DFM.

8.5 SUPPLY OF UTILITIES AND TELECOMMUNICATIONS FACILITIES

If the JVC, as a High-and-New-Technology Enterprise, does not have a sufficient supply of utilities, including telecommunications facilities, DFL shall cause the local Planning Commission, local Utilities Bureau, Power Supply Bureau, Telecommunications Bureau and other relevant departments to review the situation and give priority to the JVC in the supply of the utilities in accordance with the State Council Regulations Encouraging Foreign Investment and pursuant to the approved Feasibility Study Report. The prices for the utilities shall be in RMB and shall be at the lowest possible price.

8.6 ENVIRONMENTAL STATUS OF FACTORIES AND LAND

- (a) DFL's representations and warranties with respect to the Factories, the Office Buildings and the Land are set out in Part B and Part C of Schedule 8.1A of the SPA. DFL shall be, subject to the provisions of the SPA, responsible for any and all environmental liabilities arising in connection with or in any way relating to DFL (or any predecessor of DFL or any prior occupant of the Land), the Land or any activities or operations occurring or conducted at the Land (including, without limitation, offsite disposal), whether accrued, contingent, absolute, known and unknown, determined, determinable or otherwise, which (i) arise under or relate to any Environmental Law and (ii) relate to actions occurring or conditions existing on or prior to the Establishment Date.
- (b) DFL shall ensure that, by the date immediately prior to the Establishment Date, there will be no asbestos containing materials in any of the Factories, the Office Buildings or on any of the Land, whether contained in parts and components, inventories, products (whether finished or semi-finished), machinery and equipment, or building materials, or otherwise. DFL shall

*** indicates where a confidential portion has been omitted and filed separately with the Commission

remain liable for any and all asbestos claims at all time.

ARTICLE 9

MAJOR OPERATING PRACTICES OF JVC

9.1 SUPPLY OF VEHICLE AXLE PRODUCTS TO DFL

DFL shall purchase from the JVC and cause its Affiliates to purchase from the JVC pursuant to the Long Term Supply Agreement all of the Commercial Vehicle, specialty vehicle and light vehicle axle products required by them and which the JVC can supply, ***.

9.2 PURCHASE AND SUPPLY OF COMPONENTS

DFL shall, and shall cause its Affiliates to, pursuant to the agreements entered into between DFL and/or its Affiliates and the JVC and/or past practice, continue to supply to the JVC raw materials and components for Commercial Vehicle, specialty vehicle and light vehicle axle products required by the JVC based on the following principles:

- (a) ***
- (b) DFL's plants and its wholly owned subsidiaries, which supply parts and components to the JVC, will use their best efforts to continue to improve their QCDD level and competitiveness in the same matter as what the JVC has agreed under the Long Term Supply Agreement.
- (c) DFL shall encourage all of its non-wholly owned subsidiaries to improve their QCDD level and competitiveness so as to support the JVC's cost reduction targets.
- (d) ***
- (e) ***
- (f) ***

9.3 IMPORT OF CERTAIN SPECIALTY VEHICLE AXLE PRODUCTS OF DANA

The specialty vehicle axle products that the JVC does not or can not manufacture may be supplied by DANA to meet the requirements of the Chinese market in order to

*** indicates where a confidential portion has been omitted and filed separately with the Commission

develop market share in the PRC and to provide a full range of vehicle axle products to customers of the JVC in the PRC. ***

9.4 ETHICS CODE

The JVC shall adopt the ethics code set forth in Appendix __-__ "Standards of Business Conduct", which will be part of the Employee Manual.

9.5 DELEGATION FEES

- (a) The delegation fees for the General Manager of the JVC shall be the delegation fees for a Deputy General Manager multiplied by a factor of 1.6 or such other number mutually agreed to by the Parties.
- (b) The delegation fees for the Executive Deputy General Manager of the JVC shall be the delegation fees for a Deputy General Manager multiplied by a factor of 1.4 or such other number mutually agreed to by the Parties.
- (c) The delegation fees for the Dana Delegates shall be the delegation fees for the DFL Delegates holding the comparable position multiplied by a factor of 1.5. Except for the aforesaid delegation fees, the JVC shall not make any payment to the delegating party for any other expenses relating to the Delegates.

9.6 R&D CENTER

- (a) Both Parties undertake that, as soon as the JVC has been established, it shall start to establish a R&D Center for the Products (the R&D CENTER), which will be independent of both Parties.
- (b) The purpose of the R&D Center is endeavoring to satisfy all the requirements for the Products in the PRC market.
- (c) The functions of the R&D Center shall include research on market and technical demand, develop and design, testing and verification, application and customization, and other technical research activities for the Products.
- (d) The scope of the R&D Center includes the Products as defined in Article 4.2(b) above and other products which may be added to the JVC's product list by mutual agreement of the Parties.
- (e) Both Parties confirm the target dates for the establishment of the R&D Center in stages as follows:
 - (i) Within 2 years after the Establishment Date, all initial hardware of the R&D Center shall be set up; initial staffing shall be completed; and the R&D Center shall be operational;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (ii) By 2010, the basic functions of the R&D Center shall be established; the focus of the R&D Center shall be to ensure that the Products are competitive in the PRC market;
 - (iii) Following 2010, the R&D Center shall endeavor to become the industrial leader with regard to the technical aspects of the Products.
- (f) Both Parties confirm that the R&D Center and DANA CORPORATION's R&D center shall supplement and support each other and share resources together. In order to fully utilize resources, the JVC may have access to Dana CORPORATION's global information regarding the Products through DANA CORPORATION's R&D center in Kalamazoo (or its successors) which will include without limitation development and testing theories and methods and standards and results and the relevant data. DANA CORPORATION shall provide technical support to the JVC.
- (g) Both Parties confirm that the initial details of the R&D Center shall be stipulated in Schedule 9.6.
- (h) The JVC and R&D Center should be entitled to receive various preferential tax and financial treatments in accordance with the relevant PRC laws and regulations for its R&D Center.

9.7 SALES ACTIVITIES

- (a) The JVC shall have its own sales force to sell the Products in the PRC, and will sell Products to all OEMs and customers for spare parts in the PRC market.
- (b) The JVC's sales activities shall be governed by the principles set forth in Article 10 below.

9.8 INFORMATION TECHNOLOGIES

The JVC shall adopt the IT policies prepared insofar as reasonably practical to incorporate the principles of both DANA's and DFL's IT policies, which shall be approved by the Board.

9.9 MARKETING POLICY

Given the demand for high quality Commercial Vehicle axle products and related products in the PRC, the Parties contemplate that the bulk of the Products will be sold for use in the domestic PRC market. The JVC shall establish a marketing strategy for sale of Products to OEMs and in the after-market as approved by the Board.

The JVC shall assure that all sales of its Products to any entity and all associate business practices are carried out in compliance with all export and foreign trade control laws and regulations imposed by the country of import and the country of export.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

9.10 ENVIRONMENTAL SYSTEMS

- (a) The JVC must comply with the relevant requirements specified in the PRC's environmental laws in relation to the Land, the Factories and the Office Buildings. The JVC shall also develop a plan for the JVC to, within a reasonable time frame, meet DANA CORPORATION's worldwide standards on environmental protection in relation to the Land, the Factories and the Office Buildings.
- (b) The JVC shall obtain the ISO 14001-1996 Environmental Management System certification within two (2) years from its commencement of operations.

9.11 BOARD'S REVIEW OF DANA CORPORATION'S TECHNICAL SUPPORT

The JVC board will periodically review the progress of DANA CORPORATION in meeting its objectives and obligations of providing technology, technical support, and support in connection with the establishment of the R&D Center, in accordance with the provisions of this Contract, the Technology License Contract and Technical Assistance Contract. If DFL has concerns or evidence indicating that DANA CORPORATION has not fully performed its obligations, DFL shall have the right to submit a report to the Board and ask the Board for a review. The Board shall convene a board meeting within sixty (60) days to review any report submitted by DFL and determine the merits of DFL's submission. If the Board determines that DANA CORPORATION is not substantially meeting its objectives and obligations, the Board shall adopt a resolution requiring DANA CORPORATION to respond and/or rectify the situation within commercially reasonable time. If, the Board determines that DANA Corporation's response and/or rectification have not satisfactorily addressed the Board's resolution, it shall have the right to make equitable adjustment to the payment of the royalty by the JVC to DANA CORPORATION pursuant to the Technology and Know-how License Contract based on the seriousness of situation.

9.12 TRADEMARK LICENSES

DFM and DANA CORPORATION will license to the JVC their relevant trademark(s) with respect to the Products on terms and conditions of separate royalty free trademark license contracts, containing usual provisions regarding quality control, style and limits on the use of such marks, and termination of such license if the ownership interest of the party licensing such trademark(s) in the JVC falls below an agreed level all to be negotiated and entered into between the parties thereto.

ARTICLE 10

MARKETING AND SALES OF PRODUCTS

10.1 DOMESTIC SALES AND AFTER-SALES SERVICES

The JVC may sell the Products in the PRC domestic market to customers in the OEM market and after-market and provide after sales services.

10.2 EXPORT SALES OF THE JVC'S PRODUCTS

*** indicates where a confidential portion has been omitted and filed separately with the Commission

(a) The JVC will focus its marketing and sales activities on the domestic PRC market. ***

(b) ***

(c) ***

10.3 PAYMENT POLICY

The JVC's payment policy will be decided by the Board and implemented by the JVC.

10.4 BRANCH OFFICES

The JVC may, as it deems necessary and after approval by the Board, establish branch organizations within the PRC to promote the sale of the Products, and to provide information, advice and after sales service to customers of the JVC.

10.5 FUTURE EXPORT SALES OF GEAR PRODUCTS BY JVC

(a) The JVC will support DANA CORPORATION's global sourcing requirement for components.

(b) DANA CORPORATION will use the JVC as one of its manufacturing bases.

(c) ***

(d) ***

*** indicates where a confidential portion has been omitted and filed separately with the Commission

ARTICLE 11

THE BOARD OF DIRECTORS

11.1 DATE OF ESTABLISHMENT OF THE BOARD OF DIRECTORS

The JVC shall establish a board of directors on the date the JVC is registered and issued its business license by SAIC.

11.2 COMPOSITION OF THE BOARD

- (a) The Board, including the Chairman and Vice-chairman, shall consist of eight (8) directors, among which four (4) directors shall be appointed by DFL and the other four (4) directors shall be appointed by DANA. During the first eight (8) years immediately following the establishment of the JVC, the Chairman of the Board shall be appointed by DFL, and the Vice-Chairman of the Board shall be appointed by DANA. During the four (4) years immediately after the first eight (8) years following the establishment of the JVC, the Chairman of the Board shall be appointed by DANA and the Vice-Chairman of the Board shall be appointed by DFL. Thereafter, the Chairman and Vice-Chairman of the Board shall each be appointed by DFL and DANA alternately for a term of four (4) years.
- (b) Each director will be appointed for a term of four (4) years and may serve consecutive terms if reappointed by the originally appointing Party.
- (c) A Party may, at any time, remove any director appointed by such Party by sending written notice to the JVC with a copy to the other Party. If a seat on the Board is vacated for any reason, the Party that originally appointed such director may appoint a successor to serve out the director's term.
- (d) Directors shall not be paid a salary by the JVC. Any person holding a position in the JVC shall not be a director of the Board of the JVC.

11.3 DECISIONS OF THE BOARD OF DIRECTORS

- (a) The Board is the highest authority of the JVC.
- (b) The Board shall decide all major issues concerning the JVC. Decisions of the Board involving the following matters shall require unanimous approval of all members of the Board present at the meeting (in person or by proxy):
 - (i) amendments to the Articles of Association;
 - (ii) early termination and dissolution of the JVC;
 - (iii) increase or reduction of the JVC's registered capital or any assignment or sale by one Party of all or a portion of its registered capital in accordance with the provisions of Articles 5.7 and 5.8;
 - (iv) the merger of the JVC with any other economic organization or the division of the JVC; and

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (v) providing guarantee for a third party in the JVC's name or using the JVC's assets.
- (c) Decisions of the Board involving the following matters shall require the approval of a simple majority of all members of the Board present at the meeting (in person or by proxy) with at least two (2) affirmative vote from each Party:
- (i) review and approval of the annual report;
 - (ii) appointment and dismissal of the external auditor of the JVC;
 - (iii) review and approval of the annual PRC Financial Statements;
 - (iv) allocation to the reserve fund, bonus and welfare fund for staff and workers of the JVC and the enterprise development fund of the JVC and decision regarding the utilization of the same;
 - (v) review and approval of medium and long term plans;
 - (vi) review and approval of the one to three years capital investment for fixed assets;
 - (vii) appoint and dismissal of the Senior Managers of the JVC, changes to the job descriptions and organizational structure of the Senior Managers, and major decisions with regard to their wages and other terms of employment;
 - (viii) review and approval of the annual budget;
 - (ix) change or amend the profit distribution policy set forth in Article 16.7;
 - (x) any agreements for borrowings (loans and other credit facilities) by the JVC;
 - (xi) capital expenditures on fixed assets of the JVC as follows:
 - any individual capital expenditure approved within the annual budget with a value above RMB 1,000,000, or
 - any capital expenditure not approved within the annual budget where the aggregate value of the project is above RMB 500,000;
 - (xii) the sale of fixed assets of the JVC as follows:
 - the sale of any individual fixed asset approved within the annual budget with a book value above RMB 2,000,000 or
 - the sale of any individual fixed asset not approved within the annual budget with a book value above RMB 1,000,000;
 - (xiii) the establishment of the JVC's management and staff and worker

*** indicates where a confidential portion has been omitted and filed separately with the Commission

organization(s) and material changes therein, all in accordance with the relevant PRC laws and regulations;

- (xiv) the formulation of important JVC rules and regulations;
- (xv) approving any contract, or the modification of any contract, between the JVC and either Party and/or any of its Affiliates other than the Ancillary Contracts, with a value exceeding RMB 10,000,000 or with term of more than one year, and all other contracts, or the modification of any contract, between the JVC and either Party and/or any of its Affiliates shall be approved jointly by a Delegate from each Party;
- (xvi) any transfer of the granted land use rights to the Land and ownership rights in the Factories or in the Office Buildings;
- (xvii) any investment in any other company;
- (xviii) other important matters which concern the rights and interests of the JVC as decided by the Board; and
- (xix) all other matters to be decided by the Board as stipulated in this Contract.

Any item already contained within the approved annual budget shall not require a separate affirmative vote of the Board according to this Article 11.3 except for the requirement of additional affirmative votes on the items stipulated in Articles 11.3(c)(xi) and (xii). The Board may, by a resolution, change the figures set forth in items (xi), (xii) and (xv) of this Article 11.3(c) from time to time.

11.4 CHAIRMAN

- (a) The Chairman will be the legal representative of the JVC and shall sign legal documents authorized by the Board. The Chairman will call and preside over meetings of the Board. The Chairman shall fulfill his or her responsibilities within the authorities delegated by the Board as provided hereunder. The Chairman shall be responsible for the operation of the Board as authorized by the Board. The General Manager shall be responsible for the operation of the JVC and shall be directly responsible to the Board.
- (b) If the Chairman grants authorization or is unable to perform his or her responsibilities due to health reasons only, the Vice Chairman may act in his or her place to perform his or her responsibilities.

11.5 MEETINGS OF THE BOARD

- (a) The Board will determine the number of times it will meet per year, provided that the Board shall meet at least once each year in accordance with PRC law. The meetings will be held at the place where the JVC is located, but may also be held at such other places within or outside the PRC as the Board decides. The first Board meeting shall be held within one (1) month after the date of issuance of the JVC's business license.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (b) A Board meeting requires a quorum of six (6) Board directors.
- (c) Each of the Parties shall ensure that the directors appointed by it shall attend all duly convened Board meetings in person or by proxy. If a director is unable to attend a meeting of the Board:
 - (i) he or she may authorize another person by written proxy to attend and act on his or her behalf and the director will be deemed to be present for purposes of a quorum;
 - (ii) the designated representative may vote in the place of the director, and if such designated representative holds more than one written proxy, he may vote in the place of more than one director; but
 - (iii) if the absent director does not appoint a representative, he or she shall be deemed to have waived the right to vote at the meeting;
 - (iv) each director, including the Chairman and Vice-Chairman, shall have only one (1) vote with no deciding vote in case of a tie.
- (d) Upon the written request of three (3) or more directors (which shall specify the matters to be discussed), the Chairman (or the Vice Chairman, if the Chairman grants authorization or is unable to perform his or her responsibilities due to health reasons only) shall convene an interim meeting of the Board within three (3) months of the written request for such interim meeting.
- (e) If the Chairman of the Board does not call a meeting according to Articles 11.4(a) and 11.5(d), the Vice-Chairman shall be entitled to call and preside over the Board meeting.
- (f) Regular meetings of the Board may be held without notice if the time and place of such meetings have been set in advance by the Board. Notwithstanding the preceding sentence, the agenda of such meetings and other relevant information must be sent by the Chairman to the directors by facsimile, email, courier or registered airmail or delivered personally not less than sixty (60) days nor more than ninety (90) days before such meetings. Notice of time and place of interim meetings of the Board and of regular meetings for which time and place have not been set by the Board shall be sent by the Chairman or his/her designee to the directors by facsimile, email, courier or registered airmail or delivered personally not less than sixty (60) days nor more than ninety (90) days before such meeting. Such notice shall be in English and Chinese and shall contain the agenda of the meeting.
- (g) The Chairman shall amend the agenda of the meeting upon the written request of three (3) or more of the directors of the JVC specifying the matters to be discussed, received by the Chairman at least thirty (30) days prior to the scheduled meeting, or at least fifteen (15) days prior to the scheduled meeting if the requested amendment to the agenda concerning an emergency situation related to environment, health and safety that endangers the staff and workers of the JVC, or adversely affects the properties, business and operations of the JVC. The Chairman shall promptly inform the other directors of any such

*** indicates where a confidential portion has been omitted and filed separately with the Commission

amendment. During the Board meeting the directors may agree to amend the agenda of the meeting.

- (h) All the directors may unanimously waive the provision with regard to notice of meetings of the Board set forth in Article 11.5(f) above. Moreover any director who attends the meeting shall be deemed to have received such notice of meeting of the Board served in accordance with the provisions hereof. Any director who is unable to attend should advise the Chairman in writing or by fax within ten (10) days and provide the name of his proxy.
- (i) Any meeting, regular or interim, of the Board, may be held by conference telephone, video or similar communication equipment so long as all directors participating in the meeting can hear and communicate with one another, and all such directors shall be deemed to be present in person at the meeting.
- (j) Unless the Board decides otherwise, the General Manager may attend the Board meetings and is entitled to receive, as the directors do, notice of the meetings and relevant documents, but unless he is a director he shall have no right to vote at such meetings.
- (k) If at any properly convened Board meeting, no quorum is constituted because less than six (6) directors are present in person or by proxy, the directors present at this Board meeting (ORIGINAL BOARD MEETING) shall call a second Board meeting (SECOND BOARD MEETING). The Second Board Meeting shall take place no later than 2 weeks after the Original Board Meeting. The directors present at the Original Board Meeting shall notify each director of the time and place of the Second Board Meeting. Each of the Parties shall cause the directors it has appointed to attend the Second Board Meeting. The Second Board Meeting must be at the location of the Original Board Meeting.
- (l) any failure to meet the quorum requirements stipulated in Article 11.5(b) as a result of the non-attendance in person or by proxy of a duly convened Original Board Meeting by one (1) or more directors and a subsequent failure to attend a duly convened Second Board Meeting pursuant to the provisions of Article 11.5(k) above for reasons other than a Event of Force Majeure shall constitute a material breach of this Contract by the Party which appointed the non-attending director(s).
- (m) During the time period the Board is not in session, the General Manager shall, only in an emergency situation related to environment, health and safety that endangers the staff and workers of the JVC, or adversely affects the properties, business and operations of the JVC, be authorized to take all appropriate interim measures relating to such issues which would otherwise be discussed and decided by the Board had the Board meeting taken place. The General Manager shall immediately after taking any such measures report such measures to the Chairman and Vice-Chairman of the Board. The Board shall ratify such measures in the first Board meeting held immediately after such measures have been taken. However, during such time the Board is not in session, the General Manager shall not take any actions which exceed the scope of power granted by the Board and stipulated under this Contract.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (n) Each Party shall bear the travel and accommodation expenses of the directors nominated by it.
- (o) The Board may adopt written resolutions in lieu of holding a meeting. In order for a resolution to be adopted without a meeting:
 - (i) the relevant materials and information and the resolution must have been sent to all members of the Board, and
 - (ii) affirmatively signed by the number of directors necessary to make the decision in accordance with Article 11.3.
- (p) Board meetings will be conducted in Chinese and English with translator(s) present to carry out translation, to the extent necessary. As soon as possible after each meeting of the Board, minutes of the meeting shall be given to all directors for their review. Any director wishing to amend or supplement the record shall, within ten (10) days of his receipt of the minutes of such meeting, submit a written report containing his comments to the Chairman and Vice-Chairman of the Board.
- (q) The JVC shall keep minutes of all meetings of the Board and resolutions adopted in lieu of a meeting, in both Chinese and English, in the minute book of the JVC at the JVC's legal address, with complete copies thereof being promptly distributed to each of the Parties.
- (r) The JVC shall have a full-time or part-time board secretary if the Board deems necessary.

11.6 MEETING OF THE PARTIES

If the Board fails at 2 meetings, which must be not less than thirty (30) days apart, to decide a matter and a Party reasonably believes that this matter presents a material issue that may adversely affect the JVC's interest, then the Party may call a meeting of the Parties by written notice to the other Party. Upon receipt of the written notice, the senior management of each Party will meet as soon as practicable but not to exceed ninety (90) days after receiving the written notice, to discuss, consider and attempt to resolve this issue.

ARTICLE 12

OPERATION AND MANAGEMENT ORGANIZATION

12.1 MANAGEMENT SYSTEM

- (a) The JVC shall adopt a management system under which the General Manager shall be fully in charge. The General Manager shall carry out the various resolutions of the Board, organize and direct all areas of the business of the JVC, as well as the day-to-day operations and management work of the JVC and shall be responsible for submitting monthly reports on the operation and financial conditions of the JVC to the Board.
- (b) The General Manager will:

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (i) on behalf of the management team report to the Board;
- (ii) be responsible for the day-to-day management and operation of the JVC;
- (iii) be assisted by 1 Executive Deputy General Manager and 4 Deputy General Managers. The General Manager, the Executive Deputy General Manager and the Deputy General Managers are the SENIOR MANAGERS together constituting the JVC's management team;
- (iv) if necessary, refer to and seek, on behalf of the management team, the approval of the Board for those matters set forth in Articles 11.3(b) and (c);
- (v) submit to the Board, on behalf of management team, proposals for completing the relevant matters as requested by the Board; and
- (vi) perform the duties and responsibilities set forth in this Article and elsewhere in this Contract.

The General Manager has the responsibility and power to:

- (1) organize to carry out the resolutions of the Board;
- (2) organize and direct all areas of the business of the JVC as well as the day-to-day operation and management work of the JVC;
- (3) organize the implementation of the relevant contents of this Contract and the attached appendices and schedules, including without limitation the Articles of Association and the Ancillary Contracts;
- (4) sign contracts or documents of the JVC as authorized, if required, by the Board;
- (5) submit monthly, quarterly and annual management reports to the Board as needed;
- (6) approve all orders, credit terms and letters of credit from all customers of the JVC, subject to prior Board approval for amounts in excess of RMB 5,000,000 in which case the Board must approve the terms. The aforesaid numbers may be changed by the Board through a board resolution from time to time;
- (7) submit monthly written reports to the Board on the income and expenditures of the JVC together with suggestions for improvement;
- (8) propose an organizational structure suitable for the needs of the JVC's business, and the division of labor and responsibilities and functions of various departments;
- (9) organize the formulation and implementation of the rules and regulations of operation and management of the JVC;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (10) subject to the provisions of Article 12.1 and Article 14.2 hereof, employ and dismiss the JVC's department managers and staff and workers and determine the rewards, punishments, promotions and the salaries for staff and workers after consultation with the Executive Deputy General Manger and Deputy General Managers;
- (11) supervise the development of personnel training programs and the implementation of the programs;
- (12) ensure that the policies of the JVC (including the ethics code in the Employee Manual) are known and followed by all employees of the JVC;
- (13) delegate portions of his or her responsibilities to other Senior Managers or the department managers of the JVC as appropriate; and
- (14) handle other matters within the authority delegated by the Board.

(c) The Executive Deputy General Manager will:

- (i) obtain and understand the information regarding the JV's overall productions and business, and providing advices to the General Manager;
- (ii) assist the General Manager to manage the JV's daily production and operations.

The Executive Deputy General Manager has the responsibility and power to:

- (1) assist the General Manager to organize and direct the development, production, distribution and sales of the Products as well as day-to-day operation and management work of the JV;
- (2) assist the General Manager to organize and implement the resolutions of the Board;
- (3) when the General Manager grants authorization or when the General Manager is unable to perform his responsibilities due to health reasons only, act in place of the General Manager to perform his responsibilities for 2 weeks, during which time the Party who originally nominated the General Manager will appoint an acting General Manager and nominate a candidate for the new General Manager. Both Parties shall cause its directors on the Board to approve such new nomination within 2 weeks after the Party who originally nominated the General Manager makes such nomination. Notwithstanding the foregoing, if the acting General Manager is not the candidate for the new General Manager, such Party who originally nominated the General Manager shall consult with the other Party prior to appointing such acting General Manager;
- (4) may attend Board meetings, at the invitation of the Board;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (5) be responsible for HR management works and other works for which he is responsible;
- (6) Assist the General Manager in establishing a broad and well-establishment relationship with the government authorities and other social organizations and etc. with regard to relevant issues on HR policies, labor management, social security and compensation system, as well as co-ordinating and handling various relationships between the JVC and the employees of the JVC.

Notwithstanding that the Executive Deputy General Manager will assist the General Manager in those matters set forth in Articles 12.1(c)(ii), (c)(1), (c)(2) and (c)(6) above, the General Manager shall have the power to make final decisions with regard to the daily production and management of the JVC.

- (d) Each of the Parties shall nominate the candidates for the Senior Manager positions in accordance with the following principles:
 - (i) During the first eight (8) years immediately following the establishment of the JVC (the INITIAL PERIOD OF THE JVC), DFL shall have the right to nominate candidates for the following positions:
 - One Executive Deputy General Manager,
 - Two Deputy General Managers

The Executive Deputy General Manager and two Deputy General Managers nominated by DFL will be in charge of the HR, purchasing, sales and manufacturing functions.
 - (ii) During the Initial Period of the JVC, DANA shall have the right to nominate candidates for the following positions:
 - General Manager,
 - Deputy General Manager in charge of finance, and
 - Deputy General Manager in charge of engineering.
 - (iii) During the four (4) year period following the Initial Period and in every subsequent four (4) year period thereafter, DFL and DANA shall alternately nominate the candidates for the respective Senior Managers positions in Article 12.1(d)(i) and Article 12.1(d)(ii).
 - (iv) The Parties shall consult with each other and with the General Manager, (no consultation with the General Manager is required for candidates for the Executive Deputy General Manger and any Deputy General Manager for the first term) prior to nominating a candidate for the Executive Deputy General Manger any Deputy General Manager

*** indicates where a confidential portion has been omitted and filed separately with the Commission

position set forth above.

- (e) Each Party shall use its commercially reasonable best efforts to ensure that the Senior Managers it nominated perform their duties to the highest professional standard in all respects including ethics, and fully in accordance with this Contract.
- (f) The Board shall appoint the Senior Managers in accordance with the Parties' nominations. The appointments will be for 4-year term unless otherwise specified by the Board. Each of the Parties shall ensure that its directors vote in favor of the other Party's candidate(s) for the Senior Manager position nominated in accordance with Article 12.1(d).
- (g) Each Party is entitled to withdraw any Senior Manager nominated by such Party from his/her position subject to a three (3) months advance notice in writing to the Chairman and the Vice Chairman. Furthermore the Senior Manager may be dismissed at any time by resolution of the Board subject to the affirmative vote of the directors. In the event that a Senior Manager commits a serious dereliction of his duties, both Parties shall cause the directors appointed by it to approve such dismissal and shall not nominate such individual again.
- (h) In the event of any withdrawal or dismissal, the Party that originally nominated such Senior Manager to be replaced shall nominate a suitable successor. The Parties shall cause the directors appointed by them to approve the appointment of the successor.
- (i) Before either Party nominates to the Board any candidate for a Senior Manager position, it shall provide the written resume of the candidate to the other Party. Each Party may interview the candidate proposed by the other Party. The Parties will discuss the candidate for any of the Senior Manager positions. If a Party has serious reservations regarding a candidate, it has the right to discuss its view with the highest level of management of the other Party.
- (j) The JVC shall also have departments as set out in a organization chart to be determined by the Board from time to time on the recommendation of the General Manager. The manager for each of such departments shall be nominated jointly by the Parties after the Parties having consulted with the General Manager and the Executive Deputy General Manager or relevant Deputy General Manager in charge of such department and such nomination having been discussed by the Personnel Committee, and shall be approved by the Board. After the Board's approval, the General Manager shall appoint such department managers. If no candidate for the position of department manager is jointly nominated by the Parties and approved by the Board after more than thirty (30) days have elapsed following the establishment of such department, the General Manager shall have the authority to appoint a manager temporarily in charge of such department until a regular department manager is jointly nominated by the Parties and approved by the Board. The JVC will give preference to DAC's department managers for such positions provided that they meet the requirements for the job. If the General Manager

*** indicates where a confidential portion has been omitted and filed separately with the Commission

plans to dismiss any department manger, he/she may propose to the Board to dismiss such department manager after he/she has consulted with the relevant Deputy General Manager in charge of such department and submitted to the personnel committee for discussion. The Board shall review such proposal. After the Board has reviewed and approved such proposal, the General Manager shall dismiss such department manager.

- (k) All department managers shall be responsible respectively for the work of their departments. The department managers shall directly report to the respective Senior Manager who is in charge of such department. The Executive Deputy General Manager and all Deputy General Managers shall be responsible respectively for the work of the departments they are in charge and shall report directly to the General Manager. The Executive Deputy General Manager, Deputy General Managers and department managers shall carry out their work under the leadership, guidance and direction of the General Manager.

12.2 NO CONCURRENT POSTS

- (a) A Senior Manager may not hold posts concurrently as an officer or employee of any other economic organization. The General Manager and other management personnel delegated to the JVC by DFL and/or DANA CORPORATION pursuant to the Delegation Agreements may concurrently be employees of the delegating parties or their Affiliates but may not hold any position within the delegating parties or their Affiliates.
- (b) No employee of the JVC, including the Senior Managers, may be engaged or employed, in the PRC or outside of the PRC, in any business that is directly or indirectly in competition with the JVC.

12.3 ANNUAL AND MONTHLY BUDGETS AND BUSINESS REPORTS

- (a) The JVC shall base its operations on monthly and annual plans, reports and budgets.
- (b) The Board will receive from the General Manager, consider and modify as the Board determines and approve the following:
 - (i) production plans and capital and operating budgets each year at appropriate time for the subsequent year, and
 - (ii) strategic plans each year at appropriate time for the subsequent year.
- (c) The Board shall complete its examination and approval of the production plan and budget by 30th November of the year in which they are submitted to the Board by the General Manager pursuant to preceding paragraph. The General Manager shall be responsible for the implementation of the plan and budget, as approved by the Board; provided, however, that the General Manager shall have the flexibility, within guidelines established by the Board of Directors, to modify the plan and budget based upon then current market conditions and the situation of the JVC in the best interests of the JVC. The modified plan and

*** indicates where a confidential portion has been omitted and filed separately with the Commission

budget shall be submitted to the Board for confirmation.

- (d) The Board will receive from the General Manager, review and discuss the following reports:
 - (i) monthly business reports on the activities and prospects of the JVC, showing the performance of the JVC including, but not limited to, purchasing, production, investment, maintenance, environment, marketing and sales, human resources, administration and finance, as compared to the annual budget approved by the Board; and
 - (ii) annual PRC Financial Statements (which will be reviewed by the Board) and the US GAAP Financial Statements (which will be used to satisfy DANA's requirements and which will be provided to the Board for information only and will not be reviewed and discussed by the Board) (including the balance sheet, statement of profit and loss, statement of changes in financial position and statement of cash flow) prepared in accordance with Article 16.

ARTICLE 13

PURCHASES OF EQUIPMENT AND SPARE PARTS

13.1 PURCHASING POLICY

- (a) The JVC may undertake a competitive bidding process for its purchases of equipment and spare parts.
- (b) The JVC shall purchase required fuel, parts, means of transportation and articles for office use, and other items inside or outside the PRC, based on whether the terms and conditions of procurement, quality, quantity, pricing, and delivery terms and dates meet the JVC's specifications, are competitive and in the best interest of the JVC.
- (c) Materials and supplies purchased in the PRC shall be paid for in RMB. For items purchased locally, the JVC shall give preference to procurement from DFL and suppliers recommended by DFL if the quality, quantity, price and delivery terms are competitive. Where the JVC entrusts DFL to purchase equipment in local markets, the JVC shall invite persons appointed by DANA to consult with DFL with respect to the purchases. For items purchased abroad, the JVC shall give preference to procurement from DANA CORPORATION and suppliers recommended by DANA CORPORATION if the quality, quantity, price and delivery terms are competitive. Where the JVC entrusts DANA CORPORATION to purchase equipment in overseas markets, the JVC shall invite persons appointed by DFL to consult with DANA CORPORATION with respect to the purchases.

13.2 TRANSPORTATION, STORAGE AND LOGISTICS

Transportation, storage and logistical services will be handled by the JVC or

*** indicates where a confidential portion has been omitted and filed separately with the Commission

contracted out to third parties on the recommendation of the General Manager and the decision of the Board.

ARTICLE 14

LABOR MANAGEMENT

14.1 GOVERNING PRINCIPLE

In accordance with the laws and regulations of the PRC, the JVC shall carry out the recruitment, position allocations, training, performance review, motivation and administration of its employees, under the guidance of the basic principles on human resource policy proposed by the General Manager and approved by the Board. The General Manager shall, after consultation with the Personnel Committee and within the budgetary guidelines approved by the Board, determine any increase or decrease in the number of employees needed for the efficient operation of the JVC. Based on his/her determination, the General Manager shall formulate staffing plans, regarding recruitment, employment, dismissal, resignation, wages, labor protection, welfare benefits, and labor discipline, for the Board's approval and implement such staffing plans after approval by the Board.

14.2 PERSONNEL COMMITTEE

The JVC shall establish a personnel committee which shall, within the scope authorized by the Board, discuss major labor issues in relation to personnel management of the JVC, including, appointment and removal of the personnel other than the Senior Managers and department managers, disciplinary action, compensation and benefit policy and annual personnel plan, etc. All HR matters shall be thoroughly discussed at the personnel committee and the final decision of the personnel committee shall be made, signed and released by the General Manager and subsequently carried out by the General Manager. During the first eight (8) years after the Establishment Date, the personnel committee shall consist of the General Manager, the JVC's Communist Party Secretary/the Executive Deputy General Manager, the Deputy General Managers and the HR department manager. For matters involves individual employees, the Personnel Committee shall act through a sub-committee consisting of the General Manager, the JVC's Communist Party Secretary, the Executive Deputy General Manager (if different) and the relevant Deputy General Manager in charge of the department to which such employees belong. From the ninth (9th) year after the Establishment Date, the Parties shall discuss and determine the members of the personnel committee. The personnel committee shall carry out its work in accordance with working procedures approved by the Board.

14.3 EMPLOYEES

- (a) The JVC shall establish, modify or terminate labor relationships with its employees in accordance with the relevant laws and regulations of the PRC.
- (b) DFL will, in accordance with relevant PRC law and the provisions of this Contract and the Articles of Association, cause the employees of DAC as of the date hereof (the FORMER DAC'S EMPLOYEES) to enter into the modified

*** indicates where a confidential portion has been omitted and filed separately with the Commission

individual labor contracts with the JVC in a written form attached hereto as Appendix 5.11(a)(vii) within sixty (60) days after the Establishment Date.

- (c) The JVC shall recruit additional staff and workers (i.e., new employees other than the Former DAC's Employees) it requires in the open market. The General Manager or his or her designee will interview all candidates for employment with the JVC, including those recommended by DFL. With all things being equal, preference shall be given to candidates recommended by DFL. The JVC shall employ staff and workers for a probationary period of up to six (6) months in accordance with the relevant labor laws and regulations of the PRC, and only after successful completion of the probationary period will the JVC formally employ staff and workers.

14.4 TRAINING

- (a) The JVC shall establish a vocational training system and provide vocational training to its employees as the JVC deems necessary. The expenses for such training shall be borne by the JVC and allocated in accordance with the relevant PRC laws and the JVC's requirements and incorporated into the annual budget of the JVC.
- (b) Both Parties shall make its best efforts to support the training of the JVC's employees, and, if necessary, enter into a relevant training agreement with the JVC respectively.

14.5 COMPENSATION AND BENEFITS

- (a) The JVC shall enter into individual labor contracts with each individual staff member and worker of the JVC.
- (b) The form of the individual labor contract to be used for local personnel is attached to this Contract as Appendix 5.11(a)(vii). After each labor contract is signed, it shall be filed with the local labor bureau for the record.
- (c) The Board will adopt the Employee Manual setting out the policies of the JVC (including policies on hiring, promotion and ethics, etc.). The JVC shall require all employees to strictly follow ethics code and other policies set out in the Employee Manual. The JVC shall set forth a system of compensation and benefits based on the principles approved by the Board. The JVC will gradually increase its employees' compensation and benefits level in line with the increase of the profits of the JVC and compensation for comparable positions.
- (d) The General Manager will, within guidelines approved by the Board, prepare a plan with regard to overall compensation packages for all employees of the JVC, including annual adjustments and bonuses, based on the employee's ability, skills and work performance, and the JVC's profitability. The General Manager shall implement such plan after it is discussed by the personnel committee and approved by the Board. The compensation of the JVC's local employees will include basic salary and fringe benefits. Fringe benefits shall

*** indicates where a confidential portion has been omitted and filed separately with the Commission

include health and medical care subsidies, housing subsidies, labor insurance, disability insurance, retirement and pension insurance and related payments, supplementary pension insurance, educational levies, and unemployment levies, and such other subsidies, allowances or levies as are mandated by PRC national and local law.

14.6 DELEGATES FROM THE PARTIES

- (a) The delegates from DFL and DANA CORPORATION consist of the Senior Managers and other management and technical personnel delegated by the DFL and DANA CORPORATION.
- (b) For the first eight (8) years after the Establishment Date, nomination of the delegates shall be proposed by the Parties and determined by the General Manager with prior consultation with the Chairman. Notwithstanding the foregoing, if the Chairman objects to the General Manager's decision on such nomination, then the delegates to be delegated by DANA CORPORATION shall be chosen by the Chairman among the candidates to be proposed by DANA, and, if the General Manager objects to the Chairman's decision on such nomination, then the delegates to be delegated by DFL shall be chosen by the General Manager among the candidates to be proposed by DFL.
- (c) The JVC shall enter into the DFL Delegation Agreement with DFL and the DANA Delegation Agreement with DANA CORPORATION in respect of the delegation of the delegates respectively.

14.7 SOCIAL INSURANCE

The JVC shall, in accordance with the relevant laws and regulations of the PRC, participate in various basic social insurance and housing fund plans.

14.8 SUPPLEMENTAL PENSION INSURANCE

- (a) The JVC will enter into a Supplemental Pension Fund Management Agreement with Dongfeng Motor Industrial Corporation Social Security General Planning Office ("DONGFENG SSGPO") under the terms and conditions of the Supplementary Pension Insurance Management Agreement entered into among Dongfeng Motor Co., Ltd. Dongfeng Motor Industrial Investment Co., Ltd. and Dongfeng SSGPO.
- (b) Unless otherwise provided under the PRC law, during the Company Term, the annual premiums for the Supplemental Pension Plan to be paid by the JVC will not exceed *** of the JVC's total employee Contribution Salary for that year. Such premiums will be increased to *** by July 1, 2005.
- (c) Regarding the program and benefits of the Supplemental Pension Plan, the JVC's employees shall enjoy the same rights which are enjoyed by employees of DFL.
- (d) DFL and DANA acknowledge and agree that the JVC's responsibilities with

*** indicates where a confidential portion has been omitted and filed separately with the Commission

regard to the basic pension fund, the supplemental pension fund and all other mandatory funds shall be fully discharged so long as the JVC has paid in full contributions to such funds based on the respective rates set forth herein or under the mandatory requirement and that the JVC shall not be responsible for managing the funds thereunder nor making payment of benefits required thereunder. The obligations of managing the funds under the basic pension fund, the supplemental pension fund and all other mandatory funds as well as making payment of benefits required thereunder shall be expressly provided for in the agreement to be executed between the JVC and the Dongfeng SSGPO.

14.9 SUPPLEMENTAL MEDICAL INSURANCE

- (a) Unless otherwise provided under the PRC law or decided by the Board, during the Company Term, the annual premiums for the supplemental medical insurance and the annual contributions to the medical aid fund payable by the JVC will not exceed *** and *** respectively of the Contribution Salary for all employees of the JVC for the previous year.
- (b) DFL and DANA acknowledge and agree that the JVC's responsibilities with regard to the supplemental medical insurance and the medical aid fund shall be fully discharged so long as the JVC has paid in full contributions to such insurance and fund based on the respective rates set forth herein and that the JVC shall not be responsible for managing the funds thereunder nor making payment of benefits required thereunder. The obligations of managing the funds under the supplemental medical insurance and the medical aid fund as well as making payment of benefits required thereunder shall be expressly provided for in the agreement to be executed between the JVC and the Dongfeng SSGPO

14.10 AGREEMENT ON LABOR/PERSONNEL ISSUES

Upon the signing of this Contract, the JVC, DFL and DANA will enter into the Labor and HR Agreement, in the form of Appendix 5.11(a)(x), on labor/personnel issues with regard to the Former DAC's Employees.

14.11 COMMUNIST PARTY ORGANIZATION AND LABOR UNION

Upon the signing of this Contract, the JVC, DFL and DANA will enter into PRC Communist Party Organization and Labor Union Organization Agreement, in the form of Appendix 5.11(a)(ix), on matters related to the Communist Party Organization and Labor Union.

ARTICLE 15

PREFERENTIAL STATUS OF THE JVC

15.1 GENERAL

The Parties or the JVC (as may be appropriate in order to receive the necessary approval) shall apply to obtain for the JVC and the Parties the benefits of the most

*** indicates where a confidential portion has been omitted and filed separately with the Commission

favorable applicable tax exemptions and reductions, and other incentives, privileges and preferences which are now or in the future become obtainable under PRC law or any treaties or international agreements to which the PRC is or may become a party.

15.2 ENCOURAGED PROJECT AND HIGH-AND-NEW-TECHNOLOGY ENTERPRISE STATUS

- (a) The Parties acknowledge that the receipt by the JVC of the designation of an Encouraged Project and a Technologically Advanced and Innovative Enterprise and confirmation of its High-and-New-Technology Enterprise Status are an important factor to the success of this joint venture project. Both Parties confirm that, as of the date hereof, the axle business carried out by DAC is an encouraged project based on the relevant PRC laws and regulations.
- (b) In addition, DFL confirms that, as of date hereof, DAC has been designated as a High-and-New-Technology Enterprise by the Science and Technology Commission of Hubei Province. With DANA CORPORATION's technical support following the establishment of the JVC, both Parties believe that the JVC will be in a stronger position to be qualified for and maintain the High-and-New-Technology Enterprise status. Accordingly, after this Contract is signed, both Parties shall make every possible effort to assist the JVC in applying for and obtaining the High-and-New-Technology Enterprise status and other technology related qualifications where applicable (e.g., Technologically Advanced and Innovative Enterprise).

15.3 PREFERENTIAL TREATMENT

The Parties shall do their utmost individually and jointly and in a fair, professional and ethical manner to ensure that the JVC receives the most preferential treatment that can be obtained for the JVC pursuant to the laws and regulations of the PRC, and so long as it is not detrimental to the JVC, also for the DFL, DANA and DANA CORPORATION under the laws applicable to them.

ARTICLE 16

TAXES, FINANCE, AUDIT AND DISTRIBUTION OF PROFIT

16.1 COMPANY TAXES

- (a) The JVC shall pay taxes in accordance with the stipulations of relevant PRC laws and regulations taking into consideration the various preferential tax and financial treatments given by the PRC government authorities to Sino-foreign equity joint venture companies, including those which the relevant PRC laws and regulations provide for technologically advanced and innovative enterprises and/or high-and-new-technology enterprises (if the JVC is designated as such), as well as the various types of preferential tax and financial treatment given by the Hubei Provincial Government, Xiangfan Municipal Government or other local government to Sino-foreign equity joint ventures.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (b) Various taxes, duties or other levies and charges to be paid in the PRC shall be paid in RMB.

16.2 INDIVIDUAL INCOME TAX

The JVC shall withhold and turn-over to the relevant authorities individual income tax in accordance with the Individual Income Tax Law of the PRC and other relevant individual income tax rules of the PRC.

16.3 ACCOUNTING SYSTEM AND SYSTEM OF INTERNAL CONTROLS

- (a) The JVC shall:
 - (i) adopt the internationally practiced accrual basis of accounting and the debit and credit method for bookkeeping in accordance with the relevant PRC laws and regulations;
 - (ii) submit the JVC's accounting system and procedures to the Board for its approval, and after the Board's approval file the same for the record with the local department of finance and the tax authorities;
 - (iii) prepare complete, accurate and appropriate financial and accounting books and records satisfactory to both Parties and the Board in accordance with:
 - (A) the Enterprise Accounting System issued by the Ministry of Finance of the PRC;
 - (B) other relevant laws and regulations; and
 - (C) the JVC may establish the JVC's financial systems based on its actual circumstances and meeting the relevant PRC laws and regulations while taking into account US GAAP as well as the operating and financial procedures and requirements of DFL and of DANA CORPORATION.
 - (iv) prepare financial statements in accordance with the relevant PRC laws and regulations and in RMB as the JVC's official financial statements following local PRC statutory requirements (PRC FINANCIAL STATEMENTS) that are:
 - (A) true and complete and fairly represent the financial position of the JVC as of the date of each statement and the results of operations for the fiscal period covered;
 - (B) prepared according to the JVC's accounting system and procedures, relevant PRC laws and regulations, the particular circumstances of the JVC and international accounting standards; and
 - (C) prepared in Chinese and English.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (v) convert the JVC's financial statements into such financial statements (including a balance sheet, profit and loss statement, and statement of cash flows) meeting US GAAP (US GAAP FINANCIAL STATEMENTS) in English and in US\$ to satisfy DANA CORPORATION's financial requirements; the US GAAP Financial Statements will be prepared in a form acceptable under US GAAP and any related laws and regulations of the United States of America; the US GAAP Financial Statements will be derived from with the PRC Financial Statements;
 - (vi) adopt a fiscal year beginning on January 1 and ending on December 31 of each year; the first financial year of the JVC shall begin on the date of issuance of the JVC's business license and end on December 31 of the same year; the last financial year of the JVC shall begin on January 1 of the year in which the Company Term expires or the JVC is terminated and end on the date of the said expiry or termination;
 - (vii) make and keep all accounting records, vouchers, and books, in Chinese and provide copies in a timely fashion to each Party and the Board, if requested;
 - (viii) prepare and maintain all financial statements and reports in English and Chinese; and
 - (ix) require the General Manager and the CFO (as defined in the succeeding paragraph) to approve and sign all important financial statements and reports.
- (b) The Deputy General Manger of the JVC in charge of finance (the CFO) will be responsible for the financial management of the JVC. The CFO will:
- (i) organize the compilation of financial statements;
 - (ii) formulate the accounting system and procedures to be adopted by the JVC and submit a recommendation to the Board for approval as soon as possible after the establishment of the JVC;
 - (iii) prepare and submit to the Parties and the Board a set of financial statements conforming to the guidelines established by the Parties. Such financial statements shall include balance sheet, profit and loss statement and cash flow statement:
 - (A) every month, within a timetable established by the Parties, prepare the JVC's financial statements and convert such financial statements into the US GAAP Financial Statements for DANA CORPORATION's use;
 - (B) every quarter, within fifteen (15) days of the end of each quarter, submit the JVC's financial statements prepared based on the requirements of local PRC statutory requirements and convert such financial statements into the US GAAP Financial Statements for DANA CORPORATION's use; and

*** indicates where a confidential portion has been omitted and filed separately with the Commission

(C) every year, within 30 days of the end of the JVC's fiscal year, submit the JVC's financial statements prepared based on the requirements of local PRC statutory requirements and convert such financial statements into the US GAAP Financial Statements for DANA CORPORATION's use.

(iv) prepare and submit supplemental information and analysis regarding the financial matters and internal controls of the JVC, that may be requested by the Board, a Party or its advisors from time to time.

(v) implement and maintain a system of effective internal controls over the accounting records and financial reporting which is prepared based on DFL's current system with improvements reasonably required by DFL or DANA, including such controls, procedures and certifications to meet the requirements of "Sarbanes-Oxley" and any other laws, rules, or regulations applicable to either DFL, DANA or DANA CORPORATION. In the event of any conflict between DANA's or DANA CORPORATION'S requirements and DFL's requirements, the Board shall determine how to reconcile the conflicting requirements.

(c) The JVC shall:

(i) use the RMB as the unit of account in its financial accounting;

(ii) record in the currency of actual receipt and payment cash, bank deposits, foreign currency loans as well as creditors' rights, debts, income and expenses;

(iii) treat exchange gains and losses arising from exchange rate differences:

(A) in the PRC Financial Statements, in accordance with the accounting treatment for foreign currency transactions announced by the Ministry of Finance of the PRC; and

(B) in the US GAAP Financial Statements, in accordance with SFAS No. 52 Foreign Currency Transaction and SFAS No. 133. Accounting for Derivative Instruments and Hedging Activities.

(d) The JVC shall:

(i) prepare its tax returns following applicable PRC laws and regulations; the CFO will supervise the preparation of the tax returns and the General Manager or other appropriate manager(s) will approve and sign the returns;

(ii) prepare and furnish to DFL any information needed for the preparation of any tax returns and statements that are required by the State and local laws of the PRC; the information will, include but not be limited to certified copies of government receipts for income taxes paid in the PRC;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (iii) prepare and furnish to DANA and DANA CORPORATION any information needed for the preparation of any tax returns and statements that are required by the laws of the Republic of Mauritius and the federal and state laws of the United States of America; the information will, include but not be limited to certified copies of government receipts for income taxes paid in the PRC;
- (iv) provide in a timely manner any information required for the filing or audit of any tax return by the relevant authorities of the PRC; and
- (v) provide in a timely manner any information required for the filing or audit of any tax return by relevant federal and state authorities of the United States of America.

16.4 BANK ACCOUNTS

The JVC shall open and maintain separate RMB account(s) and foreign exchange account(s) at banks that are authorized to provide financial services in the PRC to a Sino-foreign equity joint venture. The banks with which the JVC maintains its account shall oversee the deposit and payment of foreign exchange. After approval by the SAFE (if such approval is at any time required), the JVC may also open foreign exchange accounts with financial institutions outside the PRC.

16.5 AUDIT

- (a) The Board shall engage an internationally recognized and PRC qualified accounting firm to be the JVC's auditor and to examine and verify the JVC's financial accounting. The scope of audit performed by the JVC's auditor will comply with Chinese GAAP. The auditor will prepare a separate report complying with the US GAAP which is converted from the report complying Chinese GAAP. The results of the auditor's examination will be reported to the Board and the General Manager. The JVC shall submit to the Parties and to each director the audited annual accounts within the shortest time period practicable after the end of the fiscal year (subject to the stipulated time table for issuing the audit report by the auditor jointly engaged by the Parties), together with the audit report of the auditor. The JVC shall pay the cost of the audit.
- (b) A Party may engage another auditor registered in the PRC or another country to audit the JVC's accounts at a time that is convenient to the JVC. However, such audit shall be limited to once a year unless the results of such audit are significantly different from that conducted by the JVC's auditor and accepted by the Board. Additionally, either Party may from time to time have its appointed audit function audit the JVC's accounts, processes and system of internal controls, or any portion thereof. The JVC shall provide the books and records of the JVC and shall provide the necessary office space and facilities and make the relevant JVC personnel available to enable the examination to be carried out effectively. The Party who requested the audit shall:
 - (i) request that the auditor to enter into a confidentiality agreement with the JVC;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (ii) report the results to the Board, the General Manager and the JVC's auditor; and
- (iii) pay the cost of the audit, unless the results of the audit overall are significantly different from that conducted by the JVC's auditor and are accepted by the Board, in which case the JVC shall pay the cost of the audit. Subsequently, the Board shall take corrective measures to avoid the occurrence of any significant discrepancy in the JVC's accounts in the future.

For the purpose of this Article 16.5(b), "SIGNIFICANTLY DIFFERENT" or "SIGNIFICANT DISCREPANCY" shall mean any discrepancy exceeding ten percent (10%) for any single item or five percent (5%) overall for any financial figures or a significant non-compliance with the applicable laws and regulations.

16.6 CONTRIBUTIONS TO THE THREE FUNDS

- (a) The JVC shall set aside from its after tax profits the reserve fund, the enterprise development fund and the bonus and welfare fund for staff and workers (the THREE FUNDS) in accordance with the stipulations in the Joint Venture Law. The proportion to be set aside annually to the Three Funds shall be fifteen percent (15%) in the aggregate of the after-tax profits in any year unless the Board discusses and decides a different proportion according to the business situation of the JVC. When the cumulative aggregate of the funds in the reserve fund and enterprise development fund equals fifty percent (50%) of the registered capital of the JVC, the JVC need not make further allocations to these two funds. The JVC shall place all money contributed to the three funds maintained by the JVC with internationally recognized banks or financial institutions in the PRC providing the best obtainable terms.
- (b) The reserve fund may be used to make up losses of previous years, and, after approval by the Board and approval by the Approval Authority, may also be used to increase the registered capital of the JVC to expand production and business operations.

16.7 DISTRIBUTION OF PROFITS AND DIVIDEND POLICY

- (a) ***

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (b) ***
 - (i) ***
 - (ii) ***
 - (iii) ***
 - (iv) ***
- (c) Any remaining After-tax Profits of the JVC, after annual profit distribution has been made pursuant to the provisions of Article 16.7(a) above, may be used by the JVC for re-investment or for such other purposes that are conducive to the business and operations of the JVC, or may be further distributed to the Parties, as determined by the Board.
- (d) Profits shall not be distributed before the losses of one or more previous years have been made up. Remaining profits from previous years may be combined and distributed together with those of the current year.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (e) The Board shall set an appropriate date of distribution for After-tax Profits to be distributed pursuant to the provisions of Article 16.7(a) above, which shall not be later than thirty (30) days after the audit of the JVC's financial statements for the previous fiscal year has been completed in accordance with the relevant PRC law and such audit has been approved by the Board. The JVC shall pay the dividends on the date set by the Board.
- (f) Distributable profits shall be calculated in RMB. The JVC shall pay DFL any dividend to be distributed to DFL in RMB and shall pay DANA any dividend to be distributed to DANA in US\$. The JVC shall, at the request of DANA, convert any RMB dividend to be distributed to DANA into US\$ and remit the same out of China in accordance with the then applicable regulations governing the payment of foreign exchange.

To the extent the JVC has US\$ in its accounts the exchange rate to be used for conversion of RMB into US\$ shall be the Exchange Rate on the date of payment set by the Board according to Article 16.7(e) from the bank where the JVC keeps its foreign exchange account. To the extent the JVC has to purchase US\$ to meet DANA's request to convert dividends into US\$, the exchange rate applicable for such conversion and remittance outside of the PRC shall be the bank's actual US\$ selling rate on the date of payment as set by the Board according to Article 16.7(e) from the bank where the JVC keeps its foreign exchange account.

- (g) Each Party shall bear all banking charges (including without limitation charges for currency conversion (if any) and/or remittance of payment) in connection with the payment of distributable profits to such Party.
- (h) In accordance with the relevant laws and regulations of the PRC, DANA's share of the profits of the JVC shall be remitted abroad to DANA free from any withholding taxes, fees and/or other government charges.

16.8 ACCOUNTS BETWEEN THE PARTIES AND THE JVC

- (a) Unless otherwise provided in a specific agreement, the JVC shall pay a Party, or a Party's Affiliate, no later than:
 - (i) except otherwise agreed, thirty (30) days of the later of the delivery or invoice date for goods, or services, or
 - (ii) the date a payment is due under this Contract or that specific agreement.
- (b) Unless otherwise provided in a specific agreement, each Party, and its Affiliates, shall pay the JVC or the other Party, or its Affiliates, no later than:
 - (i) thirty (30) days of the later of the delivery or invoice date for goods or services, or
 - (ii) the date a payment is due under this Contract or that specific agreement.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (c) The provisions of (a) and (b) above notwithstanding, the JVC and DFL shall pay each other in cash, or other immediately available funds, for Products and components for Products that they purchase from each other, no later than thirty (30) days after the later of the delivery or invoice date, unless otherwise provided in a specific agreement. For the avoidance of doubt, any payment by DFL to the JVC for the purchase of any axle products shall be made in accordance with the relevant provision of the Long Term Supply Agreement.
- (d) If the JVC or a Party or its Affiliate, as relevant, is not paid by the other Party, its Affiliate, or the JVC as relevant in accordance with this Article, it may, after notice to the non-payer demand payment, take any actions that it deems necessary to encourage or obtain payment, including, but not limited to:
 - (i) stopping performance under that specific agreement,
 - (ii) setting-off the amount not paid from its obligations to the non-payer, and
 - (iii) taking any other action permitted under PRC law short of referring such matters to arbitration or litigation, which action may be taken only after the senior management of each of the JVC and the relevant Party have met but still fail to resolve the matter with regard to non-payment.
- (e) If the JVC or a Party, or a Party's Affiliate, fails to make a payment on the date referred to in this Article, it shall pay to the party entitled to receive the payment, interest at a rate of four percent (4%) above the short-term (less than 6 months) unsecured lending rate of Bank of China in effect at that time, on the unpaid amount until payment in full is made.

ARTICLE 17

FOREIGN EXCHANGE

17.1 GENERAL

- (a) The JVC shall conduct all foreign exchange matters in accordance with relevant PRC foreign exchange laws and regulations.
- (b) The JVC shall apply for and shall be entitled to receive a FERC, in accordance with relevant PRC regulations.

17.2 FOREIGN EXCHANGE REQUIREMENTS OF THE JVC

- (a) Subject to the relevant PRC laws and regulations, the foreign exchange funds of the JVC, including, but not limited to foreign exchange capital invested and foreign currency loans, shall be freely transferable into the PRC and deposited in the designated foreign exchange account or accounts of the JVC. Subject to the provisions of this Article 17, the JVC shall pay all foreign exchange payments out of the above-mentioned foreign exchange accounts.
- (b) Unless otherwise specified in this Contract or in contracts entered into by the

*** indicates where a confidential portion has been omitted and filed separately with the Commission

JVC, all payments by the JVC to DANA or DANA CORPORATION and to any expatriate employees of the JVC shall be made in US\$, or in another freely convertible currency as DANA or DANA CORPORATION or such expatriate employees may determine, and all payments by the JVC to DFL and to PRC enterprises or nationals shall be made in RMB. The determination of the applicable exchange rate between RMB and US\$ or such other freely convertible currency shall be made based on the principle set forth in Article 16.7(f) above.

17.3 APPLICABLE FOREIGN EXCHANGE RATE

Unless provided otherwise herein or in other agreements, the foreign exchange rate applicable to the conversion of RMB to foreign currency or vice versa will be the median of the buy and sell rates quoted by the People's Bank of China on the date the transaction occurs.

17.4 USE OF FOREIGN EXCHANGE

- (a) The Board shall have the right to stipulate the priorities of using the foreign exchange. In the absence of any stipulation by the Board, the JVC shall use its foreign exchange in accordance with the following order of priorities:
- (i) any priority payment in foreign exchange as decided by the Board;
 - (ii) payment of interest on and repayment (when due) of principal of foreign exchange loans, if any;
 - (iii) payment for imported materials, machinery and equipment, replacement parts and components for machinery and equipment and services required by the JVC, and other production and overhead costs denominated in foreign exchange;
 - (iv) payment of technology and know-how royalties and technical assistance fees to DANA CORPORATION;
 - (v) payment of wages, allowances and benefits of expatriate personnel of the JVC and the expenses of the JVC personnel while traveling abroad on JVC business;
 - (vi) payment to DANA of its share of the profits of the JVC;
 - (vii) repatriation of DANA's capital on the capital becoming payable to DANA; and
 - (viii) other payments required to be made in foreign exchange.
- (b) The foreign exchange obligations for each item in paragraphs (i) through (v) must be fully satisfied for a given year before any foreign exchange may be expended on a subsequent item, and any foreign exchange obligations under any item which are not fully satisfied in a given year will be carried forward to the following year(s) until they are satisfied.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (c) To the extent that the JVC does not have a sufficient amount of foreign exchange, the JVC shall be entitled to purchase in the relevant domestic markets such amount of foreign exchange as the JVC needs to comply with its contractual obligations according to the relevant laws and regulations of the PRC on foreign exchange administration.

ARTICLE 18

INSURANCE

18.1 GENERAL

The JVC shall purchase various types of insurance from insurance companies permitted by PRC law to provide insurance coverage to Sino-foreign equity joint ventures.

18.2 TYPES OF COVERAGE

The exact types of coverage, the value and the term of insurance shall be discussed and decided at a meeting of the Board in accordance with the recommendation of the General Manager based on the practice and legal requirements in the PRC as well as on international practice for similar types of operations. The coverage will include adequate property and business interruption insurance covering the Factories (building and contents) and other first party risks of the JVC. The JVC shall also maintain product liability insurance, general liability insurance, third party liability insurance and other relevant insurance coverage in order to protect the JVC, its employees, agents and other appropriate parties from claims.

ARTICLE 19

REPRESENTATIONS, WARRANTIES AND INDEMNITIES

19.1 REPRESENTATIONS AND WARRANTIES OF DFL

DFL represents and warrants the following:

- (a) DFL is a limited liability Sino-foreign joint venture duly established and validly existing as a legal person under the laws of the PRC;
- (b) DFL has full legal right, power and authority to execute this Contract and all contracts and documents referred to in this Contract to which DFL is a party, and to observe and perform its obligations under this Contract and those contracts and documents;
- (c) DFL's representative whose signature is affixed hereto and to all contracts and documents referred to in this Contract to which DFL is a party, has been fully authorized to sign this Contract and those contracts and documents pursuant to a valid power of attorney, a copy of which has been provided to DANA; and
- (d) DFL has obtained all consents, approvals, authorizations and taken all other actions necessary to validly execute this Contract and all of the contracts and documents referred to in this Contract to which DFL is a Party and to observe

*** indicates where a confidential portion has been omitted and filed separately with the Commission

and perform its obligations under this Contract and those contracts and documents.

19.2 REPRESENTATIONS AND WARRANTIES OF DANA

DANA represents and warrants as follows:

- (a) DANA is a Mauritius corporation duly established and validly existing and in good standing under the laws of the Republic of Mauritius;
- (b) DANA has full legal right, power and authority to execute this Contract and all of the contracts and documents referred to in this Contract and to which DANA is a party and to observe and perform its obligations under this Contract and those contracts and documents;
- (c) DANA's representative whose signature is affixed hereto and to all contracts and documents referred to in this Contract to which DANA is a party, has been fully authorized to sign this Contract and those contracts and documents pursuant to a valid power of attorney, a copy of which has been provided to DFL; and
- (d) DANA has obtained all consents, approvals, authorizations and taken all other actions necessary to validly execute this Contract and all of the contracts and documents referred to in this Contract to which DANA is a party, and to observe and perform its obligations under this Contract and those contracts and documents.

19.3 FURTHER WARRANTIES

Each Party warrants to the other Party that it undertakes to cause its employees and the employees of its Affiliates and the JVC to adhere to high ethics standards and to comply with all applicable laws and regulations.

19.4 SURVIVAL

The foregoing representations and warranties of each of the Parties shall survive the execution and delivery of this Contract and the establishment of the JVC.

19.5 INDEMNIFICATION BY DFL

Notwithstanding any other provision of this Contract and subject to the terms and conditions of this Article 19.5, DFL agrees to reimburse, indemnify and hold harmless the JVC and DANA and DANA's Affiliates from and against any and all claims, actions, deficiencies, assessments, liabilities, losses, damages, costs, expenses, judgments and settlements, including reasonable legal fees, of any kind relating to or arising out of or in connection with or incidental to any breach of any representation or warranty of DFL under this Contract or the failure of DFL to perform any of its obligations under this Contract or in connection with any liability resulting therefrom which results in losses to the JVC or DANA or DANA's Affiliates.

19.6 INDEMNIFICATION BY DANA

*** indicates where a confidential portion has been omitted and filed separately with the Commission

Notwithstanding any other provision of this Contract and subject to the terms and conditions of this Article 19.6, DANA agrees to reimburse, indemnify and hold harmless the JVC and DFL and DFL's Affiliates from and against any and all claims, actions, deficiencies, assessments, liabilities, losses, damages, costs, expenses, judgments and settlements, including reasonable legal fees, of any kind relating to or arising out of or in connection with or incidental to any breach of any representation or warranty of DANA under this Contract or the failure of DANA to perform any of its obligations under this Contract or in connection with any liability resulting therefrom which results in losses to the JVC or DFL or DFL's Affiliates.

ARTICLE 20

NON-COMPETITION AND FURTHER COOPERATION

20.1 NON-COMPETITION

- (a) Subject to Article 20.2, neither DFL nor DANA, DANA CORPORATION nor their Affiliates, may, other than as a party to this Contract, during the term of this Contract (including any extensions), directly or indirectly, as investors, co-venturers, technology licensors, technology licensees, agents, distributors, consultants, or otherwise:
- (i) establish, acquire, operate or maintain a manufacturing plant in the PRC for Commercial Vehicle axle products or spare parts and components for Commercial Vehicle axle products, or
 - (ii) design, develop, produce, or assemble in the PRC Commercial Vehicle axle products for use in the PRC, or, market or sell in the PRC Commercial Vehicle axle products or spare parts and components for Commercial Vehicle axle products manufactured in the PRC other than as expressly provided in this Contract.

20.2 CLARIFICATIONS, CONDITIONS AND EXCEPTIONS

- (a) The following involvement and/or activities of DFL shall not be deemed as a breach of the provisions of Article 20.1:
- (i) DFL's involvement and/or activities in the Commercial Vehicle axle business of Liu Zhou Motor Company Limited within the first two (2) years after the Establishment Date, provided, however, that this exception shall expire two (2) years after the Effective Date. The Parties shall seek a solution for such business during such two (2) year time period.
- (b) The following involvement and/or activities of DANA shall not be deemed as a breach of the provisions of Article 20.1:
- (i) Any of DANA's or DANA CORPORATION's involvement and/or activities in the light vehicle axle business, outdoor power equipment axle products and/or off-highway axle products;
 - (ii) Any of DANA's or DANA CORPORATION's involvement and/or

*** indicates where a confidential portion has been omitted and filed separately with the Commission

activities within the permitted scope set forth in Article 9.3;

(iii) Any of DANA's or DANA CORPORATION's involvement and/or activities in the Commercial Vehicle axle and specialty vehicle axle products made for export; and

(iv) Any direct sale of any axle products by DANA CORPORATION to the JVC.

20.3 FOREIGN ACTIONS

If DANA, DANA CORPORATION or any of their Affiliates outside of the PRC acquires or merges (OVERSEAS M&A) with an entity outside the PRC (the EXEMPTED TARGET) and the Exempted Target has an Affiliate in the PRC that engages in the design, production, assembly, manufacture, marketing or sale of Commercial Vehicle axle products and/or specialty vehicle axle products (the COMPETING BUSINESS), DANA or DANA CORPORATION shall, immediately after the closing of its Overseas M&A, inform DFL and the JVC such Overseas M&A and carry out discussions with the JVC for the sale of the Competing Business by DANA or DANA CORPORATION to the JVC for the same price DANA or DANA CORPORATION has paid for the Competing Business. If the JVC is not interested in buying the Competing Business from Dana or DANA CORPORATION for the same price DANA or DANA CORPORATION has paid therefor, DANA or DANA CORPORATION shall, within a period of two (2) years from the closing of the Overseas M&A, dispose of or sell the Competing Business to any third party. The JVC shall have the right of first refusal regarding any proposed sale by DANA or DANA CORPORATION of the Competing Business to any third party. During the time starting from the closing of the Overseas M&A to the closing of DANA's final disposal of or the sale of the Competing Business to the JVC or a third party (as the case may be), which period shall not exceed two (2) years, (i) the non-competition obligations under Article 20.1 shall not apply to DANA, DANA CORPORATION and/or any of their Affiliates with respect to the Exempted Target and its Affiliates, and (ii) neither DANA nor DANA CORPORATION shall provide additional technical or market support to the Competing Business but may provide financial support to the Competing Business only for the purpose of maintaining the business and operations of the Competing Business at the level existing as of the closing of Overseas M&A.

20.4 INCONSISTENT RELATIONSHIPS

Except as provided in Article 20.3 above, the Parties shall each, within a commercially reasonable time frame, terminate or transfer to the JVC any agreement with any third party relating in any way to the production or sale of Commercial Vehicle axle products in the PRC that is or could be inconsistent with the provisions of this Article 20.

20.5 FURTHER COOPERATION

Both Parties agree that the JVC shall, within three (3) years from the Establishment Date, develop a design and manufacturing capability with regard to various types of Commercial Vehicle axle systems and modules, including drive axles and non-driving

*** indicates where a confidential portion has been omitted and filed separately with the Commission

axles, asbestos-free braking system, braking control system (ABS & EBS) and suspension system. Notwithstanding the provisions of the preceding sentence, DFL shall still be entitled to, independently or in co-operation with a third party, develop the business on braking systems. The JVC will support DFL with regard to its plan on braking system development, and is willing to explore the possibility of merging the JVC's braking system business into the company to be established by DFL.

Both Parties agree that they will consider including driveshafts in the JVC as a next step in developing their relationship. DFL would grant DANA the right to match any offers received by DFL for the acquisition, joint venture or transfer of DFL's universal joint and driveshaft operations and would agree to contact DANA first in the event DFL decides at any time that it wishes to sell or joint venture such operations.

20.6 PURSUING OF FUTURE BUSINESS OPPORTUNITIES

Notwithstanding the provisions of this Article 20:

- (a) The JVC shall submit a five-year business development plan to the Board for approval.
- (b) The management of the JVC shall review and modify such business plan as approved by the Board each year and shall submit the revised business plan to the Board for approval.
- (c) If any prospective project has been removed from the five-year business development plan by the Board after its review of the annual revision by the management of the JVC, or the Board is otherwise unwilling to proceed with any project proposed by either Party, that Party may, after submitting a notice to the Board, pursue such prospective project on its own or with any other partner.
- (d) That Party shall consult with the JV on the progress of development in such project. If the JVC still does not want to pursue such project, such Party can continue pursuing such project on its own.
- (e) If, in the future, the JVC becomes interested in participating in such project, such Party will be willing to discuss with the JVC on the possibility of merging such project into the JVC's operations.
- (f) If both Parties agree that it may be feasible to merge such project into the JVC's operations, they will begin to negotiate the terms and conditions of the proposed merger plan.

ARTICLE 21

CONFIDENTIALITY

21.1 CONFIDENTIALITY OBLIGATIONS OF THE PARTIES

- (a) Each Party shall, and shall cause its Representatives to:
 - (i) treat the Confidential Information relating to the other Party and/or

*** indicates where a confidential portion has been omitted and filed separately with the Commission

the other Party's Affiliates and/or the JVC as strictly confidential; and

- (ii) not disclose such Confidential Information to any other Person; save as otherwise provided in this Contract.
- (b) Each Party shall not, and shall procure that its Representatives shall not use Confidential Information relating to the other Party and/or or the other Party's Affiliates and/or the JVC for any purpose other than as specifically authorized under this Contract.
- (c) The confidentiality obligations contained herein do not apply to Confidential Information or such part of it:
 - (i) where the disclosing Party, or its Affiliate(s) has agreed in writing to the relevant disclosure or use; or
 - (ii) as is or becomes publicly available, other than as a result of breach of any obligation of confidentiality owed by a Party or its Representatives to the other Party.
- (d) A Party shall be exempted from the obligations of confidentiality in this Contract in respect of Confidential Information or such part of it:
 - (i) that was already properly and lawfully in its possession prior to disclosure in connection with this Contract; or
 - (ii) which subsequently properly and lawfully comes into its possession from a third party with the right to disclose it, except that where such Confidential Information is in its possession, or comes into its possession, subject to any other obligation of secrecy, a Party shall be exempted only to the extent that it is permitted to use or disclose the Confidential Information pursuant to such other obligation of secrecy.
- (e) For the purpose of the provisions of Article 21.1(c) and Article 21.1(d), disclosures made to a Party, which are specific shall not be deemed to be within the foregoing exceptions, merely because they are embraced by general disclosures which are in the public domain. In addition, any combination of features shall not be deemed to be within the foregoing exceptions merely, because the individual features are in the public domain, but shall be deemed to be within the foregoing exceptions only if the combination itself and its principle of operation are in the public domain.
- (f) A Party or its Representatives may disclose Confidential Information relating to the other Party or the other Party's Affiliates:
 - (i) to a Party, a Representative of the Party or a Representative of a disclosing Party, who is directly concerned with the Contract and whose knowledge of such Confidential Information is required for the implementation of the Contract; or

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (ii) to a Person not referred to in paragraph (i) above who is directly concerned with the Contract and whose knowledge of such Confidential Information is essential to the implementation of the Contract.
- (g) Each Party shall limit the access to Confidential Information to Representatives or Persons who have accepted an obligation of secrecy no less stringent than set forth in this Contract. In the case of employees, such obligation which shall be included in the labor contract for the employees, shall be effective, so far as legally possible, both during and after the period of their employment. Each Party shall use its best endeavours to ensure that such Representatives or Persons adhere to the obligation of confidentiality. In the event of a breach of the secrecy obligation by such Representatives of a Party or Persons in which such Party has advance knowledge thereof but fails to take any preventive measures, such Party shall be jointly liable with such Representatives or Persons. The Party which originally disclosed such Confidential Information shall be entitled to take legal action with respect to the confidentiality obligation under this Contract.
- (h) Each Party shall be entitled, at any time and from time to time, to withhold disclosure of any further Confidential Information until further undertakings of confidentiality have been entered into. The Parties anticipate that further restrictions may be imposed in relation to certain technical information of DANA which is of particularly high value including further restrictions on dissemination and copying. Such restrictions will be stipulated in more detail in the Technology and Know-How License Contract.
- (i) On termination of the Contract, each of the Parties shall and shall procure that its Representatives, and the Persons to which the Party or its Representatives have disclosed Confidential Information, shall:
- (i) immediately return to the disclosing Party or destroy any and all materials, including any notes, analysis or memoranda prepared by it, containing Confidential Information relating to the disclosing Party or the disclosing Party's Affiliates and all copies thereof; and
 - (ii) immediately delete all such Confidential Information, including any back-up copies, from any computer, word processor or other electronic device containing Confidential Information; and
 - (iii) continue to be bound by the undertaking of confidentiality and non-disclosure set out in Articles 21.1(a) and (b) of this Contract and not use Confidential Information relating to the other Party and/or the other Party's Affiliates for any purpose whatsoever. Such undertaking of confidentiality with regard to Confidential Information (including technical information) shall be limited to a period of ten (10) years after the termination of this Contract. Technical information shall include all information relating to any process involved in the manufacture of any products manufactured or intended to be manufactured by the JVC, or any applications of those products, including without limitation process and application know-how,

*** indicates where a confidential portion has been omitted and filed separately with the Commission

equipment lists and information marked as or indicated to be technical.

- (j) In case a Party is no longer party to the Contract such Party shall and shall procure that its Representatives and the Persons, to which the Party or its Representatives have disclosed Confidential Information, shall comply with Article 21.1(i), with the exception that with regards to Article 21.1(i)(iii), such undertaking of confidentiality shall be limited to ten (10) years from the date after such Party is no longer a party to the Contract.

21.2 CONFIDENTIALITY OBLIGATIONS OF THE JVC

The JVC shall:

- (a) cause its personnel, agents and subcontractors to be bound by and comply with the obligations set out in this Article 21; and
- (b) include in all labor or services contracts signed by JVC personnel an undertaking of secrecy and non-use, in form and substance satisfactory to both Parties.

ARTICLE 22

DURATION OF THE EQUITY JOINT VENTURE

22.1 COMPANY TERM, TERM OF THIS CONTRACT AND SURVIVAL

- (a) The term of the JVC (COMPANY TERM) shall be 50 years starting from the date the JVC's amended business license is issued by the SAIC.
- (b) The effective term of this Contract shall begin when it is executed by the Parties and approved by the Approval Authority, and shall end when the Company Term ends, or upon dissolution of the JVC (if this Contract is terminated early).
- (c) Articles 5.4, 19.4 to 19.6, 21, 22.1(c), 27 and 28 will survive the termination of this Contract.

22.2 EXTENSION OF THE COMPANY TERM

- (a) At least two (2) years before the Company Term expires, the Parties shall hold consultations to discuss the extension of the Company Term. If the Parties agree to extend the Company Term, an application for the extension will be submitted to the Approval Authority (or the relevant authority) for approval, so that approval may be obtained not less than six (6) months before the Company Term expires. Any extension of the term approved shall be registered with the SAIC.
- (b) Dissolution of the JVC upon early termination or at expiration of the Company Term is subject to the provisions of Articles 23 through 25.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

ARTICLE 23

EXPIRATION, EARLY TERMINATION AND DISSOLUTION

23.1 EVENTS OF EARLY TERMINATION AND EXPIRATION

The JVC may be dissolved and this Contract terminated in accordance with Article 23.2 if any of the following events occurs:

- (a) the JVC has incurred heavy losses and is unable to continue operations (for purposes of this Article 23.1(a) the term "heavy losses" shall mean that the accumulated losses of the JVC have reached fifty percent (50%) or more of the registered capital of the JVC);
- (b) the JVC is unable to continue operations due to the occurrence of an Event of Force Majeure, as provided in Article 26.3;
- (c) the JVC is unable to obtain or maintain its desired purpose and objectives of operation as stated in this Contract and the Feasibility Study Report;
- (d) a Party declares itself, or is declared, bankrupt;
- (e) the Parties unanimously agree to early dissolution of the JVC;
- (f) the Board fails to meet twice and, subsequently the Parties also fail to meet, or the Board fails to meet after the Parties have met, all as provided in Article 11.6;
- (g) the JVC ceases for a period of six (6) consecutive months to:
 - (i) have the right to maintain foreign exchange bank account(s), unless such foreign exchange bank account(s) is(are) no longer required, or
 - (ii) have access to sufficient foreign exchange to perform its foreign exchange obligations, including the inability to pay any amounts owed to DANA in US\$ or other freely convertible foreign exchange acceptable to DANA;
- (h) a Party has:
 - (i) materially breached this Contract or any Ancillary Contracts,
 - (ii) been given notice by the Non-breaching Party, and
 - (iii) not timely remedied the breach, all as set forth in Article 24.1; or
- (i) if the Parties cannot agree to extend the Company Term six (6) months before the Company Term expires.

23.2 PROCEDURES FOR TERMINATION

- (a) If any of the events set out in Article 23.1 occurs, a Party may request that a special Board meeting be convened to discuss how to deal with the event. The

*** indicates where a confidential portion has been omitted and filed separately with the Commission

meeting will be held within sixty (60) days of the receipt of the request.

At this special board meeting, the directors will engage in good faith discussions to find a way to continue the JVC, taking into account the JVC's operations, the current state and future outlook of the Commercial Vehicle axle market in the PRC and the economic impact that termination and liquidation of the JVC would have on each of the Parties. The directors will use their best efforts to find an acceptable solution that continues the JVC. If after good faith discussions, the directors are unable to find an acceptable way to continue the JVC, then each Party shall cause its directors to adopt by unanimous vote one of the following solutions:

- (i) termination and liquidation of the JVC pursuant to Article 25;
 - (ii) sale of the JVC on a going concern basis to a third party or parties at a value to be agreed between the Parties and the third party purchaser(s); or
 - (iii) other solutions acceptable to the Parties.
- (b) If the Board unanimously adopts one of the above solutions, the Chairman and Vice Chairman jointly, on behalf of the JVC, shall promptly give the Approval Authority, and any other government departments who must approve such solution, written notice of the solution adopted and request approval, and use its best efforts to obtain the approval. The solution adopted by the Board shall become effective after approval by the Approval Authority.
- (c) If the directors do not adopt any solution as required above, or the special Board meeting cannot be held within three (3) months of a Party's request for it pursuant to Article 23.2(a), or the solution adopted by the Board is not carried out to completion within six (6) months of the special Board meeting, then the JVC shall be terminated and liquidated pursuant to Article 25.

23.3 TECHNOLOGY LICENSE AFTER TERMINATION

- (a) In the event that the JVC is early terminated and dissolved after the JVC has been established for more than ten (10) years, or before the JVC has been established for more than ten (10) years but due to reasons primarily attributable to DANA, the JVC or its successor in interest (the SUCCESSOR TO THE JVC), shall continue to receive a license from DANA, on a non-exclusive basis, to use the technology and know-how licensed under the Technology and Know-How License Contract in accordance with the terms and conditions thereunder, provided that:
- (i) none of the shareholder/equity holders of the Successor to the JVC (excluding DFL) is a competitor of DANA CORPORATION;
 - (ii) DFL is not and has not been in material breach of any provision of this Contract;
 - (iii) the JVC, the Successor to the JVC and DANA CORPORATION have

*** indicates where a confidential portion has been omitted and filed separately with the Commission

entered into a novation agreement under which the Successor to the JVC is novated for the JVC as the licensee under the Technology and Know-How License Contract; and

- (iv) the terms and conditions of the Technology and Know-How License Contract as so novated are identical to those of the Technology and Know-How License Contract, except that:
 - (A) the license shall be on a non-exclusive basis;
 - (B) the Successor to the JVC shall not have the right to use DANA CORPORATION's trademarks on the products manufactured with DANA CORPORATION's technology and know-how;
 - (C) DANA CORPORATION shall have no obligation to continue providing updates or improvements to the licensed technology and know-how; and
 - (D) the Successor to the JVC may, on a royalty free basis, continue to use the technology and know-how already licensed by DANA CORPORATION.

Provided, however that if any termination is after 10 years or any termination before 10 years is solely attributable to DANA, then conditions (b)(i) and (b)(ii) above shall not apply.

ARTICLE 24

BREACH AND PENALTIES FOR BREACH

24.1 BREACH

- (a) A Party (BREACHING PARTY) shall be deemed to be in breach of this Contract if:
 - (i) it fails to perform any of its material obligations under this Contract (including the Ancillary Contracts), or
 - (ii) any representation or warranty of the Party under this Contract is materially untrue;
- (b) In the event of a breach as defined in (a) above, the Non-breaching Party (the NON-BREACHING PARTY) may:
 - (i) give the Breaching Party written notice that it has breached this Contract and, if the breach is of a type that may be remedied,
 - (ii) demand that the breach be remedied within a reasonable time (not more than 90 days);
- (c) If the breach is not remedied within the specified time period or is not capable of being remedied, the Non-breaching Party may:

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (i) notify the Approval Authority that the Breaching Party has breached this Contract, and
- (ii) request early dissolution of the JVC as provided in Article 23.

24.2 LIABILITY IN CASE OF BREACH

In the event of a breach of this Contract, the Breaching Party shall be liable to the Non-breaching Party for all actual direct damages incurred as a direct result of the breach of contract. The rights provided for in Article 24.1 are in addition to any other remedies available to the Non-breaching Party. Termination of this Contract in the exercise of the rights will not relieve a Party from any obligations accrued to the date of termination or relieve the Breaching Party from liability for damages to the Non-breaching Party for breach of this Contract.

ARTICLE 25

TERMINATION AND LIQUIDATION

25.1 APPOINTMENT OF THE LIQUIDATION COMMITTEE

- (a) Upon the Board's approval of early dissolution of the JVC pursuant to Articles 23.1 and 23.2, the JVC shall notify the Approval Authority to obtain approval for liquidation of the JVC. Within seven (7) days from the date of approval or from the expiration of the Company Term, the Board shall notify the relevant authorities as required by law. Within fifteen (15) days from the date of approval or the expiration of the Company Term, the Board shall appoint a Liquidation Committee.
- (b) The Liquidation Committee shall be composed of eight (8) members (including two Directors) appointed by the Board, of which 4 members (including one Director) shall be appointed by DFL, and 4 members (including the other Director) shall be appointed by DANA. The principles on the nomination and appointment of the directors of the Board set forth herein shall be applied to the nomination and appointment of the members of the Liquidation Committee and its two Directors.
- (c) Members of the Liquidation Committee may be directors or senior employees of the JVC, or other qualified persons, including accountants and lawyers qualified either in the PRC or abroad.

25.2 PRINCIPLES OF OPERATION OF THE LIQUIDATION COMMITTEE

- (a) Within ten (10) days of the appointment of the Liquidation Committee, the Liquidation Committee will notify in writing the creditors of the JVC to report the amounts the JVC owes the creditors. The Liquidation Committee will also publish announcements of the liquidation in newspapers in accordance with the relevant laws and regulations.
- (b) The Liquidation Committee will carry out its duties in accordance with the applicable laws, and in particular will:

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (i) conduct an overall inventory of the JVC's property, creditors' rights and liabilities;
 - (ii) prepare a balance sheet and property inventory;
 - (iii) value all the property of the JVC at fair market value;
 - (iv) prepare a liquidation plan;
 - (v) apply the assets of the JVC to satisfy the costs of the liquidation and the JVC's liabilities;
 - (vi) handle uncompleted business matters of the JVC;
 - (vii) pay and discharge taxes of the JVC as due;
 - (viii) settle creditor's rights and debts;
 - (ix) prepare the liquidation completion report;
 - (x) seek of the approval of the JVC's liquidation plan and the cancellation of the JVC's registrations with the relevant government authorities;
 - (xi) represent the JVC in any civil litigation proceedings; and
 - (xii) carry out such other duties as are required of it by relevant laws and regulations.
- (c) The priority for the distribution of the JVC's assets shall be handled in accordance with PRC law.
- (d) The remaining assets of the JVC shall be distributed to the Parties in accordance with the ratio of their capital contributions; provided, however, that any property to be distributed to the Breaching Party may be used to pay for the damages sustained by the Non-breaching Party. Damages payable to DANA and DANA's share of any distribution shall be paid in US\$, subject to the principle on foreign exchange conversion as set forth in Article 16.7(f) above. The Parties may elect to receive their respective share of any distribution of assets in kind.

ARTICLE 26

FORCE MAJEURE

26.1 GENERAL

If a Party is prevented from performing its obligations under this Contract because of an event of force majeure, including, but not limited to, earthquake, typhoon, flood, or other acts of nature, fire, explosion or other unforeseen event beyond the prevented Party's reasonable control (an EVENT OF FORCE MAJEURE), the prevented Party shall:

- (a) give the other Party written notice without delay, and

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (b) provide, within fifteen (15) days of the event, detailed information about and documents evidencing the event, explaining the reasons for its inability to perform, or for its delay in performing all or part of this Contract.

26.2 EXCUSE AND NOTIFICATION

If an Event of Force Majeure occurs, the prevented Party:

- (a) shall not be liable for any:
 - (i) damage,
 - (ii) increased costs, or
 - (iii) loss that the other Party sustains as a result of the Event of Force Majeure,
- (b) shall not be deemed to be in breach of this Contract, if it fails to perform its obligations hereunder due to such Event of Force Majeure, and
- (c) shall:
 - (i) take appropriate means to minimize or remove the effects of the Event of Force Majeure, and
 - (ii) attempt to resume the performance affected by the Event of Force Majeure within the shortest possible time.

26.3 EXTENDED FORCE MAJEURE

If an Event of Force Majeure or the effects of an Event of Force Majeure prevents a Party from fully performing its obligations for a period of one hundred and eighty (180) days or more, the Parties may, through consultations, decide whether to:

- (a) terminate this Contract,
- (b) exempt the prevented Party from part of its obligations under this Contract, or
- (c) delay performance in accordance with the effects of the Event of Force Majeure.

ARTICLE 27

APPLICABLE LAW AND FUTURE CHANGES

27.1 APPLICABLE LAW

This Contract shall be interpreted, construed and governed by the laws of the PRC. To the extent there is no applicable PRC law addressing any issue arising out of this Contract, international practices shall be applied to such issue.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

27.2 FAVORABLE CHANGES

If, during the term of this Contract, any relevant authority in the PRC adopts any law, regulation, rule or policy, or a treatment is extended to another equity joint venture company or investor in the automotive component business in the PRC which is more favorable than the laws, regulations, rules, policies or a treatment previously applicable to the JVC and/or any Party (including reducing or eliminating filing, reporting, registration or approval requirements), then the JVC and/or the relevant Party, as the case may be, shall receive, or apply (if application is necessary) to the appropriate governmental agency or authority to receive the benefit of such law, regulation, rule, policy or treatment.

27.3 ADVERSE CHANGES

- (a) The Parties shall promptly consult with each other and use their commercially reasonable best efforts to make any adjustments to this Contract or the JVC that are needed to maintain the same economic benefits derived from this Contract for each of the Parties, if:
- (i) an adverse material change occurs to the economic benefits derived from this Contract by a Party because any relevant authority in the PRC adopts:
 - (A) new laws,
 - (B) regulations,
 - (C) rules or policies,
 - (D) amends or reinterprets existing laws, regulations, rules or policies, or
 - (E) alters its treatment of a Party;

27.4 IMPORTANT MATTERS TO BOTH PARTIES

- (a) Both Parties acknowledge that the following matters are important to both Parties and to the formation and operation of the JVC:
- (i) all of the preferential tax treatments currently available to the JVC (which both Parties and the JVC shall use their best efforts to maintain);
 - (ii) each Party's strict compliance with the confidentiality provisions of this Contract and the JVC's strict compliance with the confidentiality provisions of the Technology and Know-how License Contract;
 - (iii) the JVC's supplying axle products to DFL pursuant to the Long Term Supply Agreement;
 - (iv) the successful construction of the JVC's R&D Center in accordance with Schedule 9.6 of this Contract; and

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (v) each Party's strict compliance with the non-competition provisions of this Contract; and
 - (vi) the JVC's receiving relevant technology pursuant to the Technology and Know-how License Contract.
- (b) Both Parties expect that there may be changes in the future that will have an impact on those matters set forth in Articles 27.4(a)(i) to (v) above, and, therefore, agree that, if any such changes occur, the Parties shall promptly consult with each other and use their commercially reasonable best efforts to take measures to avoid or reduce the JVC's losses to the minimum.

27.5 FUTURE CHANGE IN OWNERSHIP

Neither Party may assign any right or obligation of this Contract or any agreements to be entered into pursuant to this Contract except that:

- (a) DANA may assign its rights and responsibilities under this Contract and any agreements entered into pursuant to this Contract (except as provided in Article 27.5(a)(ii) below) to another wholly owned subsidiary of DANA CORPORATION (DANA ASSIGNEE) provided that:
 - (i) DANA guarantees the faithful performance of DANA Assignee of all terms of the assigned contract and agreements; and
 - (ii) The Technology and Know-how License Contract and the Technical Assistance Contract to be entered into between DANA CORPORATION and the JVC and all rights and obligation thereto and DANA CORPORATION'S rights and obligation with regard to the R&D Center hereunder shall remain direct obligations and rights of DANA.
- (b) DFL may assign its rights and responsibilities under this Contract and any agreements entered into pursuant to this Contract (except as provided in Article 27.5(b)(ii) below) to subsidiary of DFL (DFL ASSIGNEE) in which DFL has at least a fifty-one percent equity interest and full management control, provided that:
 - (i) DFL guarantees the faithful performance of DFL Assignee of all terms of the assigned contract and agreements; and
 - (ii) The Long Term Supply Agreement and any component supply agreement (if any) to be entered into between DFL and the JVC and all rights and obligation thereto shall remain direct obligations and rights of DFL.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

ARTICLE 28

SETTLEMENT OF DISPUTES

28.1 CHOICE OF ARBITRATION

- (a) The Parties shall try to resolve any dispute, controversy or claim arising out of or in connection with this Contract through friendly consultations between the Parties. But, if no settlement is reached within thirty (30) days from the date one Party notifies the other Party in writing of its intention to submit the dispute, controversy or claim to arbitration in accordance with this Article, then any such dispute, controversy or claim arising out of or relating to this Contract, or the breach, termination or invalidity thereof, shall be settled by arbitration by the Hong Kong International Arbitration Center (HKIAC) in accordance with the UNCITRAL Arbitration Rules as at present in force and as may be amended by the rest of this Article. The arbitration will be administered by HKIAC in accordance with HKIAC Procedures for Arbitration in force at the date of this Contract including additions to the UNCITRAL Arbitration Rules as are therein contained.
- (b) The place of arbitration shall be in Hong Kong at the Hong Kong International Arbitration Center (HKIAC). The arbitration proceedings will be conducted in English and Chinese. The arbitration panel will consist of three (3) members. Each Party shall select one (1) arbitrator. The presiding arbitrator shall be selected by agreement between the arbitrators selected by the Parties or, failing agreement within ten (10) days of the appointment of the two (2) Party-nominated arbitrators, by the Chairperson of the HKIAC. The presiding arbitrator shall not be a national of the PRC or the United States of America. The arbitration award shall be final and binding on the Parties, and the Parties agree to be bound thereby and to act accordingly. The costs of arbitration and the costs of enforcing the arbitration award (including witness expenses and reasonable attorneys' fees) shall be borne by the losing Party, unless otherwise determined by the arbitration award.
- (c) In any arbitration proceeding, any legal proceeding to enforce any arbitration award and in any legal action between the Parties pursuant to or relating to this Contract, each Party expressly waives any defence based on the fact or allegation that it is an agency or instrumentality of a sovereign state.
- (d) Any award of the arbitrators may be enforced by any court having jurisdiction over the Party against which the award has been rendered, or wherever assets of that Party are located, and shall be enforceable in accordance with the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).

28.2 CONTINUED PERFORMANCE

Each Party shall continue to exercise its respective rights, and fulfill its obligations under this Contract while a dispute is being resolved through arbitration, except for the matters in dispute.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

ARTICLE 29

LANGUAGE

- (a) This Contract is written in a Chinese version and in an English version in 9 originals each. Both language versions shall be equally authentic. DFL and DANA shall each keep 2 originals in each language. 5 originals in each language shall be submitted, as necessary, to each of the Approval Authority and the SAIC.
- (b) If there is a discrepancy between the Chinese and English versions, the Parties shall try to resolve such discrepancy through friendly discussions. If such friendly discussions do not resolve such discrepancy, the arbitrators appointed pursuant to the provisions of Article 28 shall determine which version most accurately records the Parties' intention.

ARTICLE 30

EFFECTIVENESS OF THE CONTRACT, AMENDMENT, AND MISCELLANEOUS

30.1 ENTIRE CONTRACT

- (a) The Schedules and Appendices referred to in and attached to this Contract are an integral part of this Contract. They are as follows:

- (1) Schedule 9.4 Employee Manual
- (2) Schedule 9.6 R&D Center
- (3) Appendix 5.11(a)(i) Articles of Association
- (4) Appendix 5.11(a)(ii) Technology and Know-how License Contract
- (5) Appendix 5.11(a)(iii) Technical Assistance Contract
- (6) Appendix 5.11(a)(iv) Long Term Supply Agreement
- (7) Appendix 5.11(a)(v) DFL Delegation Agreement
- (8) Appendix 5.11(a)(vi) DANA Delegation Agreement
- (9) Appendix 5.11(a)(vii) Labor Contract
- (10) Appendix 5.11(a)(viii) Employee Manual
- (11) Appendix 5.11(a)(ix) PRC Communist Party Organization and Labor Union Organization Agreement

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (12) Appendix 5.11(a)(x) Labor and HR Agreement
- (13) Appendix 5.11(a)(xi) Letter of Guaranty

(ANCILLARY CONTRACTS shall mean the contracts referred to in items (3) to (13) above.)

- (b) This Contract with its Schedules and Appendices is the entire agreement between the Parties and supersedes any previous contracts, agreements or understandings related to the subject matter of this Contract. The Headings to Articles are for ease of reference only and have no legal effect.

30.2 APPROVAL AUTHORITY

- (a) The Approval Authority for this Contract is the Ministry of Commerce of the PRC. This Contract with its Schedules and Appendices shall be submitted for approval to the Approval Authority and shall come into force beginning on the date the Approval Authority issues its approval reply (the EFFECTIVE DATE). DFL shall:
 - (i) notify DANA in writing immediately upon its receipt of either the approval reply or approval certificate, and
 - (ii) provide DANA with copies of each.
- (b) Either Party may, by written notice to the other Party, terminate the effectiveness of its signature to this Contract and make this Contract void, if:
 - (i) such Party can not reach an agreement with the other Party on, any amendment to this Contract required or on any conditions imposed, by the Approval Authority; or
 - (ii) this Contract is not approved within six (6) months of the date set out in Article 30.9.

30.3 AMENDMENT

The Parties may only modify this Contract by an instrument in writing signed by both Parties.

30.4 WAIVER

Subject to any statutory time limits applicable to the enforcement of rights under this Contract, a failure or delay of a Party to exercise any right, power or privilege under this Contract, or under any other agreement relating hereto, shall not be deemed to be a waiver thereof; nor shall any single or partial exercise of any right, power or privilege preclude any other future exercise thereof.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

30.5 SEVERABILITY

In the event that any provision in this Contract is illegal, contrary to public policy, or otherwise unenforceable, then such provision shall be deleted from this Contract leaving the remainder of this Contract legal, valid and enforceable. The deleted provision shall be replaced by a valid new provision negotiated by the Parties, having as nearly as is legally possible the same economic and business effect as the deleted provision was intended to have. The new provision shall be submitted to the Approval Authority for its approval, if required.

30.6 NOTICES

(a) Any notice to be given by one Party to the other Party under, or in connection with, this Contract shall be in writing and signed by or on behalf of the Party giving it. It shall be served by sending it by pre-paid recorded express courier delivery, to the address set out in Article 30.6(b) and marked for the attention of the relevant Party (or as otherwise notified from time to time in accordance with the provisions of this Article 30.6). Any notice so served by express courier shall be deemed to have been duly given at 10am on the seventh (7th) business day following the date of posting.

(b) The addresses and telephone numbers of the Parties for the purpose of Article 30.6 are as follows:

To DFL:

Dongfeng Motor Co., Ltd.
84 Baiye Road
Wuhan Economic Development Zone
Wuhan City, Hubei Province
PRC
Attention: President
Telephone: +86 719 8204 588

To DANA

c/o 4500 Dorr Street
Toledo, Ohio 43615
U.S.A.
Attention: Director
Telephone: +1 419 535 4500

Copy to DANA CORPORATION:

Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615
U.S.A.
Attention: Secretary
Telephone: +1 419 535 4500

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (c) A Party may notify the other of a change to its name, relevant addressee, or address for the purposes of this Article 30.6, provided that, such notice shall only be effective on:
 - (i) the date specified in the notice as the date on which the change is to take place; or
 - (ii) if no date is specified or the date specified is less than five (5) business days after the date on which notice is given, the date following five (5) business days after notice of any change has been given.

30.7 PUBLIC COMMUNICATIONS

- (a) No Party, without the written consent of the other Party may make any declarations, announcements, or disclosures to the public with respect to:
 - (i) this Contract,
 - (ii) the relationship between the Parties, or
 - (iii) the business of the JVC.
- (b) But, if a Party or its Affiliate is legally required to make a public declaration, announcement or disclosure it may do so after consulting with the other Party, if legally permitted.

30.8 COSTS

Unless otherwise provided in this Contract, each Party will be responsible for and pay all of its costs and expenses in connection with this Contract including without limitation, legal and accounting costs.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

30.9 SIGNING PLACE AND DATE

This Contract is signed in Xiangfan, Hubei Province, PRC by the duly authorized representatives of DFL and DANA on this 10th day of March 2005.

DONGFENG MOTOR CO., LTD.

By: /s/ Miao Wei

DANA MAURITIUS LIMITED

By: /s/ Robert E. Pollock

Director

DANA CORPORATION AS GUARANTOR

By: /s/ B. N. Cole

*** indicates where a confidential portion has been omitted and filed separately with the Commission

EXHIBIT 10-V

HUMAN RESOURCES MANAGEMENT AND ADMINISTRATION
MASTER SERVICES AGREEMENT

between

DANA CORPORATION

and

INTERNATIONAL BUSINESS MACHINES CORPORATION

Dated March 31, 2005

*** indicates where a confidential portion has been omitted and filed separately with the Commission

TABLE OF CONTENTS

	PAGE
ARTICLE 1. DEFINITIONS.....	2
ARTICLE 2. TERM.....	2
2.1 Initial Term.....	2
2.2 First Extension Period.....	2
2.3 Second Extension Period.....	2
2.4 Term.....	2
ARTICLE 3. SERVICES GENERALLY.....	2
3.1 Scope of Services.....	2
3.2 Dana Group.....	3
3.3 Right to Change Service Volumes; Variable Fees.....	5
3.4 Governmental Approvals and Consents.....	5
3.5 No Exclusivity; Insourcing.....	5
3.6 Knowledge Sharing.....	6
3.7 Compliance with Internal IT Standards.....	6
3.8 Reports.....	7
3.9 Procurement.....	7
ARTICLE 4. TRANSFORMATION SERVICES.....	7
4.1 Transformation Services.....	7
4.2 Completion and Acceptance of Transformation Services.....	7
ARTICLE 5. PROJECTS AND NEW SERVICES.....	8
5.1 Existing Projects.....	8
5.2 Projects.....	8
5.3 New Services.....	9
5.4 Third Party Services.....	10
5.5 Cooperation.....	10
ARTICLE 6. SERVICE LEVELS.....	11
6.1 Service Levels.....	11
6.2 New Service Levels.....	11
6.3 Adjustment of Service Levels.....	11
6.4 Measurement and Monitoring Tools.....	12

*** indicates where a confidential portion has been omitted and filed separately with the Commission

TABLE OF CONTENTS
(continued)

	PAGE
6.5 Root-Cause Analysis.....	13
6.6 Continuous Improvement and Best Practices.....	13
6.7 Performance Credits.....	13
6.8 Deliverable Credits.....	14
6.9 Performance Information.....	14
6.10 Customer Satisfaction Surveys.....	14
ARTICLE 7. TECHNOLOGY.....	14
7.1 Retained Systems and Retained Processes.....	15
7.2 Process And Technology Evolution.....	16
ARTICLE 8. INTERNATIONAL SERVICES.....	17
8.1 Worldwide Agreement.....	17
8.2 Assignment.....	17
8.3 Local Country Agreements.....	17
ARTICLE 9. CONTRACT ADMINISTRATION.....	17
9.1 Assigned Agreements.....	18
9.2 Assigned Agreement Invoices.....	18
9.3 Managed Agreements.....	18
9.4 Managed Agreement Invoices.....	18
9.5 Performance Under Managed Agreements.....	19
ARTICLE 10. SERVICE LOCATIONS.....	19
10.1 Service Locations.....	19
10.2 Physical Safety and Security Procedures.....	19
10.3 Information Security.....	19
ARTICLE 11. HUMAN RESOURCES.....	20
11.1 Human Resources.....	20
ARTICLE 12. PROJECT STAFF.....	20
12.1 Project Staff Matters.....	20
12.2 Subcontractors.....	21
12.3 Conduct of Project Staff.....	21

*** indicates where a confidential portion has been omitted and filed separately with the Commission

TABLE OF CONTENTS
(continued)

	PAGE
ARTICLE 13. CONTINUED PROVISION OF SERVICES.....	22
13.1 Disaster Recovery Plan.....	22
13.2 Force Majeure.....	22
13.3 Alternate Source.....	23
13.4 No Payment for Unperformed Services.....	23
13.5 Allocation of Resources.....	23
ARTICLE 14. DANA RESPONSIBILITIES.....	23
14.1 Dana Operational Responsibilities.....	23
14.2 Dana Resources.....	24
14.3 Management of Issues.....	25
ARTICLE 15. FEES AND PAYMENT.....	25
15.1 Fees.....	25
15.2 Variable Fees.....	25
15.3 Invoices.....	26
15.4 INTENTIONALLY BLANK.....	26
15.5 Refundable Items; Prepaid Expenses.....	26
15.6 Adjustments to Fees.....	26
15.7 Expenses.....	26
15.8 Disputed Charges.....	26
15.9 Rights of Set-Off.....	27
15.10 Unused Credits.....	27
15.11 Benchmarking.....	27
15.12 Unforeseen Technology Improvements.....	30
15.13 Gainsharing.....	30
ARTICLE 16. TAXES.....	31
ARTICLE 17. AUDITS.....	31
17.1 Service Audits.....	32
17.2 Fees Audits.....	33
17.3 Service Provider Audits.....	33
17.4 Record Retention.....	33

*** indicates where a confidential portion has been omitted and filed separately with the Commission

TABLE OF CONTENTS
(continued)

	Page
17.5 Facilities.....	33
17.6 General.....	33
ARTICLE 18. RELATIONSHIP MANAGEMENT.....	34
18.1 Governance Guidelines and Principles.....	34
18.2 Responsibilities.....	34
18.3 Dana Appointments.....	34
18.4 Service Provider Appointments.....	34
18.5 Role of Relationship Managers.....	34
18.6 Senior Executives.....	35
18.7 Escalation Procedure for Relationship Issues.....	35
18.8 Executive Level Meeting.....	35
18.9 Quarterly Budgeting.....	35
18.10 Aligning Project Staff with Dana Objectives.....	35
18.11 Continuity of Services.....	36
ARTICLE 19. CONTRACT MANAGEMENT.....	36
19.1 Policies and Procedures Manual.....	36
19.2 Change Control Procedures.....	36
ARTICLE 20. PROPRIETARY RIGHTS.....	36
20.1 Dana Software and Dana Tools.....	36
20.2 Service Provider Software and Tools.....	37
20.3 Work Product.....	38
20.4 Interface Information.....	39
20.5 Residual Information.....	39
ARTICLE 21. DATA.....	39
21.1 Ownership of Dana Data.....	39
21.2 Return of Data.....	39
ARTICLE 22. CONFIDENTIALITY.....	39
22.1 Use and Disclosure.....	39
22.2 Required Disclosure.....	40
22.3 Unauthorized Acts.....	40

*** indicates where a confidential portion has been omitted and filed separately with the Commission

TABLE OF CONTENTS
(continued)

	PAGE
22.4 Return of Confidential Information.....	40
22.5 Business Associate Agreement.....	41
22.6 Data Protection Laws.....	41
ARTICLE 23. REPRESENTATIONS AND WARRANTIES.....	42
23.1 By Dana.....	42
23.2 By Service Provider.....	43
23.3 Disclaimer.....	43
ARTICLE 24. ADDITIONAL COVENANTS.....	44
24.1 By Dana.....	44
24.2 By Service Provider.....	45
24.3 Changes in Laws.....	47
ARTICLE 25. TERMINATION.....	47
25.1 Termination for Convenience.....	47
25.2 Termination for Change in Control of Dana.....	47
25.3 Termination for Change in Control of Service Provider.....	47
25.4 Termination By Dana for Cause.....	48
25.5 Termination for Failure to Complete Transformation.....	48
25.6 Service Level Termination Event.....	48
25.7 Termination for Failure to Provide Adequate Assurance of Due Performance.....	48
25.8 Termination by Service Provider for Cause.....	48
25.9 Termination for Insolvency Event.....	49
25.10 Termination for Failure to Maintain Adequate Controls.....	49
25.11 Other Terminations.....	49
ARTICLE 26. TERMINATION FEES.....	49
26.1 Termination Fees.....	49
ARTICLE 27. TERMINATION ASSISTANCE.....	49
27.1 Termination Assistance Services.....	49
27.2 Exit Rights.....	51
27.3 Right to Hire Project Staff.....	52

*** indicates where a confidential portion has been omitted and filed separately with the Commission

TABLE OF CONTENTS
(continued)

	PAGE
27.4 Termination Assistance Upon Change in Services Volumes or Insourcing or Resourcing.....	52
27.5 Injunctive Relief.....	52
ARTICLE 28. INDEMNITIES.....	52
28.1 Indemnities by Dana.....	52
28.2 Indemnities by Service Provider.....	54
28.3 Indemnification Procedures.....	56
28.4 Injunctions Affecting Services.....	57
ARTICLE 29. DAMAGES.....	57
29.1 Direct Damages.....	57
29.2 Consequential Damages.....	57
29.3 Exceptions.....	58
29.4 Interpretation of Cap.....	59
29.5 Injunctive Relief.....	59
ARTICLE 30. INSURANCE.....	59
30.1 Insurance.....	59
30.2 Period of Insurance.....	60
30.3 Insurance Documentation.....	61
30.4 Risk of Loss.....	61
30.5 Deductibles or Self Insurance.....	61
ARTICLE 31. MISCELLANEOUS PROVISIONS.....	61
31.1 Assignment.....	61
31.2 Notices.....	61
31.3 Counterparts.....	62
31.4 Relationship.....	62
31.5 Consents, Approvals and Requests.....	62
31.6 Waivers.....	63
31.7 Remedies Cumulative.....	63
31.8 Amendments.....	63
31.9 Survival.....	63

*** indicates where a confidential portion has been omitted and filed separately with the Commission

TABLE OF CONTENTS
(continued)

	PAGE
31.10 Third Party Beneficiaries.....	63
31.11 Covenant of Further Assurances.....	63
31.12 Negotiated Terms.....	63
31.13 Export.....	63
31.14 Non-Solicitation.....	63
31.15 Conflict of Interest.....	64
31.16 Publicity.....	64
31.17 Liens.....	64
ARTICLE 32. CONSTRUCTION.....	64
32.1 Background.....	64
32.2 Incorporation and References.....	64
32.3 Headings.....	65
32.4 Severability.....	65
32.5 Sole and Exclusive Venue.....	65
32.6 Section 365(n).....	65
32.7 Governing Law.....	65
32.8 Waiver of Jury Trial.....	66
32.9 Entire Agreement.....	66
32.10 Interpretation Consistent with Law; Conflicts.....	66

*** indicates where a confidential portion has been omitted and filed separately with the Commission

SCHEDULES

- Schedule 1 - Definitions
- Schedule 2 - Statement of Work
- Schedule 3 - Transformation
- Schedule 4 - Governance
- Schedule 5 - Service Levels and Performance Credits
- Schedule 6 - Fees
- Schedule 7 - Reports
- Schedule 8 - Dana Operational Responsibilities and Resources
- Schedule 9 - Outline of Policies and Procedures Manual
- Schedule 10 - Existing Projects
- Schedule 11 - Approved Subcontractors
- Schedule 12 - Service Locations
- Schedule 13 - Form of Confidentiality Agreement
- Schedule 14 - Dana Information Security Requirements
- Schedule 15 - Dana Technology Standards
- Schedule 16 - Software and Tools
- Schedule 17 - Business Associate Agreement
- Schedule 18 - Human Resources
- Schedule 19 - Dana Policies and Procedures
- Schedule 20 - Disaster Recovery and Business Continuity Requirements
- Schedule 21 - Customer Satisfaction Surveys
- Schedule 22 - Form of Work Order
- Schedule 23 - Assigned Agreements and Managed Agreements
- Schedule 24 - Benchmarkers

*** indicates where a confidential portion has been omitted and filed separately with the Commission

HUMAN RESOURCES MANAGEMENT AND ADMINISTRATION
MASTER SERVICES AGREEMENT

This Human Resources Management And Administration Master Services Agreement, dated March 31, 2005 (the "Effective Date"), is between Dana Corporation ("Dana") and International Business Machines Corporation ("Service Provider").

BACKGROUND

Dana issued a Request for Proposal seeking a service provider or service providers of human resources management and administration services and conducted a competitive bid process for the provision of such services.

Dana and Service Provider assert that the goals and objectives of this Agreement are to:

- (A) provide first class human resource management and administration to Dana's current and former employees, managers and business partners;
- (B) deliver economic value to Dana through innovative, efficient and effective service delivery;
- (C) achieve cost reductions with respect to Dana's human resource operations through process transformation and standardization;
- (D) provide human resource management and administration services that enable Dana to attract, develop and retain best talent;
- (E) deliver services at a cost, for a price, and at a standard that is competitive with other providers of human resource management and administration services in the market;
- (F) provide service that is customer-focused and reflects Dana's business imperatives;
- (G) allow Dana to acquire services with flexibility that is consistent with Dana's changing business needs while minimizing the operational risk to which Dana and Service Provider are exposed;
- (H) proactively work to reduce human resource management and administration costs and increase efficiency; and
- (I) ensure a smooth, efficient and timely transition from Dana's internal Human Resources Department without materially disrupting Dana's business operations.

Based on these goals and objectives, Dana has agreed to engage Service Provider, and Service Provider has agreed to be engaged, as a provider of human resource management and administration services to Dana.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

Dana will acquire services from Service Provider and Service Provider will provide those services on the terms set forth in this Agreement.

ARTICLE 1. DEFINITIONS

Capitalized terms used in this Agreement have the meanings set forth in Schedule 1 (Definitions).

ARTICLE 2. TERM

2.1 Initial Term. The initial term of this Agreement (the "Initial Term") will commence on the Effective Date and, unless this Agreement is earlier terminated in accordance with its terms or extended under Section 2.2, will expire at 11:59 p.m. Eastern Time on March 31, 2015 (the "Initial Agreement Expiration Date").

2.2 First Extension Period. Twelve months before the Initial Agreement Expiration Date, Service Provider will present Dana with a written proposal setting forth terms and conditions on which Service Provider proposes to continue providing the Services for an additional period. If the Parties are unable to agree upon the terms and conditions for the renewal of this Agreement after the Initial Term, Dana may, by notifying Service Provider in writing no later than 30 days before the Initial Agreement Expiration Date, elect to extend the effectiveness of this Agreement, for a period of time designated by Dana that will not exceed twelve months from the Initial Agreement Expiration Date (the "First Extension Period"), which renewal will be at the then current terms and conditions, including pricing. If Dana does not elect to extend this Agreement under this Section, then this Agreement will expire at the end of the Initial Term.

2.3 Second Extension Period. Six months before the end of the First Extension Period, Service Provider will present Dana with a written proposal setting forth terms and conditions on which Service Provider proposes to continue providing the Services for an additional period. If the Parties are unable to agree upon the terms and conditions for the renewal of this Agreement after the First Extension Period, Dana may, by notifying Service Provider in writing no later than 30 days before the end of the First Extension Period, elect to extend the effectiveness of this Agreement, for a period of time designated by Dana that will not exceed twelve months from the end of the First Extension Period (such period, together with the First Extension Period, the "Extension Periods"), which renewal will be at the then current terms and conditions, including pricing. If Dana does not elect to extend this Agreement under this Section, then this Agreement will expire at the end of the First Extension Period.

2.4 Term. The "Term" of this Agreement consists of the Initial Term and all Extension Periods. The Termination Assistance Period may extend beyond the Term as set forth in Article 27.

ARTICLE 3. SERVICES GENERALLY

3.1 Scope of Services. Service Provider will provide the following services to the Dana Group Companies, as the Dana Group Companies may evolve during the Term and

*** indicates where a confidential portion has been omitted and filed separately with the Commission

as such services may be supplemented, enhanced, modified or replaced (collectively, the "Services"):

- (A) the human resource management and administration services, functions and responsibilities set forth in this Agreement, in Schedule 2 (Statement of Work), as complemented by the Base Case defined therein, and in the other Schedules to this Agreement;
- (B) services, functions and responsibilities reasonably related to the Services identified in subsection (A) above and routinely performed by the Affected Employees and any other Dana personnel and contractors who are transitioned to Service Provider, displaced or whose functions were displaced as a result of this Agreement, even if not specifically described in this Agreement;
- (C) human resource management and administration services, functions and responsibilities that are of a nature and type that, within a company in the automotive industry, would ordinarily be performed by the organization or the part of the organization performing services similar to those specifically described in this Agreement, even if not specifically described in this Agreement;
- (D) Transformation Services;
- (E) services, functions and responsibilities identified in Work Orders adopted by the Parties for Projects undertaken under this Agreement;
- (F) New Services upon Dana's approval of Service Provider's New Services Schedule;
- (G) Technology Evolution;
- (H) Termination Assistance Services; and
- (I) services, functions and responsibilities not specifically described in this Agreement, the Schedules, any New Service Schedule or any Work Order, but that are required for the proper performance and delivery, or are an inherent part, of the services, functions or responsibilities specifically described in such documents.

3.2 Dana Group.

- (A) Service Provider will provide the Services to (1) Dana and any other member of the Dana Group Companies designated by Dana, irrespective of Dana's corporate structure and (2) any New Entity as directed by Dana under subsection (B) of this Section. Service Provider will provide the Services to such authorized users at the sites at which such entities operate as of the Effective Date and any additional sites that Dana may request during the Term. Fees for Services at any such new sites will be as set forth in Schedule 6 (Fees), unless a material cost differential justifies specific alternative rates or charges.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (B) If as a result of a Restructure or otherwise an entity that is not a Dana Group Company (a "New Entity") is acquired by Dana or acquires or becomes responsible for some of the business, assets, operations or management of a Dana Group Company, then, at Dana's discretion and in accordance with its directions, Service Provider will provide the Services to the New Entity. In such directions, Dana may require Service Provider to provide the Services to a New Entity under this Agreement or, provided that the party to such separate agreement with Service Provider is a creditworthy entity, under a separate agreement on the same terms. A party will be a creditworthy entity if such party meets Service Provider's then current generally applicable requirements for outsourcing customer credit worthiness or if such party's credit rating is substantially comparable with or better than Dana's credit rating as of the Effective Date. If the Services are provided under a separate agreement, Dana will have no obligation to pay, or guarantee the payment of, any fees in relation to those Services provided to the New Entity. The Services provided to the Dana Group Companies or any New Entity under a separate agreement will be included in the calculation of actual service volumes, if any, under this Agreement. For the avoidance of doubt, Dana has no obligation to obtain Services from Service Provider with respect to any New Entity.
- (C) If a Restructure includes the divestiture of an entity, a business unit or assets of Dana, Service Provider will, at Dana's request, for a period of up to 18 months from the effective date of such Restructure, continue to provide the Services to such divested entity or business unit, or to the purchaser of such assets, at the applicable Fees then in effect; provided that Dana or the entity, unit or purchaser agrees to be responsible for the payment of such Fees. If Service Provider is requested to continue to provide the Services pursuant the foregoing sentence, Service Provider will, at Dana's request, enter into good faith negotiations with such entity, unit or purchaser with respect to an agreement regarding the payment of such Fees.
- (D) Service Provider will, at no additional cost to Dana (to the extent such assistance and information can be provided using the personnel resources Service Provider is then using to provide the Services and meet the Service Levels), provide to Dana all reasonable assistance and information as may be necessary, in the opinion of Dana, where Dana indicates that it is considering or intends a Restructure, including:
- (1) responding promptly to requests for information relating to the Services and Fees for the Services;
 - (2) if requested by Dana, assisting in discussions with third parties relating to any equipment, licenses or contracts relevant to the proposed New Entity;
 - (3) providing acquisition support (including assessments, transition planning and migration support);

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (4) cooperating in good faith with Dana in relation to the Restructure;
- (5) providing any Termination Assistance Services that may be necessary in the circumstances in accordance with Article 27; and
- (6) such other assistance as may be necessary or reasonable at the time.

3.3 Right to Change Service Volumes; Variable Fees.

- (A) During the Term and the Termination Assistance Period, Dana may from time to time increase or decrease service volumes within the Services, including by adding or removing members of the Dana Group Companies or locations, by giving Service Provider ten days' notice thereof. Such change in Services volumes will be handled in accordance with the Additional Resource Charge and Reduced Resource Charge methodology, and Minimum Revenue Commitment requirement as set forth in Section 3.5(C) and Schedule 6 (Fees). Such notice provision does not apply to ordinary fluctuations in service volumes in the normal course of business.
- (B) To the extent that such increased or decreased service volumes are within the Services and parameters associated with Variable Fees, then the Fees for such Services will be adjusted in accordance with the Variable Fees defined in Schedule 6 (Fees).

3.4 Governmental Approvals and Consents.

- (A) Service Provider will, at its own expense, (1) obtain and maintain all Service Provider Governmental Approvals, (2) obtain, maintain and comply all of the Service Provider Consents and (3) adhere to Dana's instructions in order to comply with the Dana Consents.
- (B) Dana will, at its own expense, (1) obtain and maintain all Dana Governmental Approvals and (2) obtain, maintain and comply with the Dana Consents.
- (C) Each Party will cooperate with the other Party, as requested, in the other Party's obtaining Governmental Approvals and Consents that such other Party is required to obtain under this Section.

3.5 No Exclusivity; Insourcing.

- (A) Nothing in this Agreement requires Dana to purchase any of the Services from Service Provider. Dana may obtain services similar to the Services from a third party or third parties in Dana's sole discretion or perform such Services internally subject to the Minimum Revenue Commitment set forth in Section 3.5(C) and Schedule 6 (Fees).
- (B) Dana will not be obligated to obtain any of the Services from Service Provider with respect to any additional entity or business unit, including an

*** indicates where a confidential portion has been omitted and filed separately with the Commission

entity or business unit acquired by Dana. However, Dana will have the option to direct Service Provider to provide Services under and in accordance with the terms of this Agreement with respect to any such additional entity or business unit and such Services will be chargeable in accordance with Schedule 6 (Fees). If such additional entity or business unit has an agreement with Service Provider for human resource management or administration services at the time of such acquisition, Service Provider will not impose any termination fees on Dana or such entity in connection with the termination of such agreement but will add any remaining termination fees under such agreement to the applicable years of Termination Fees under this Agreement.

(C) Upon at least 45 days' notice to Service Provider, Dana may insource or obtain from a third party any portion of the Services. No termination fee will be payable by Dana in connection with any insourcing or resourcing under this subsection provided such action does not reduce Service Provider's anticipated revenue under this Agreement below the Minimum Revenue Commitment defined in Schedule 6 (Fees). Upon Dana's exercise of any of its rights under this subsection, the Fees will be adjusted in accordance with Schedule 6 (Fees), based upon the scope of the Services Dana will continue to receive thereafter. This subsection (C) does not apply to changes in service volumes that are governed by Section 3.3. Furthermore, the notice requirement of this subsection does not apply to changes in the Services during the Termination Assistance Period.

(D) Service Provider will provide Dana with information related to the Services that Dana reasonably requests during the Term to enable Dana to draft a request for proposal relating to the Services and to provide due diligence information for recipients of such request for proposal, even if Service Provider is not one of the recipients of the request for proposal. This provision does not require Service Provider to disclose or permit disclosure of any Service Provider Confidential Information to any Service Provider Competitor.

3.6 Knowledge Sharing. At least once every Contract Year, or on request upon at least 30 days' prior notice from Dana, Service Provider will meet with representatives of Dana in order to (A) explain how the Services are provided, (B) explain how the Service Provider Systems work and should be operated and (C) provide such training and documentation as Dana may require for Dana to (1) provide services that interact with or interface with the Services and (2) understand and operate the Service Provider Systems and understand and provide the Services after the expiration or termination of this Agreement.

3.7 Compliance with Internal IT Standards. Service Provider will comply with Dana's information management technical architecture and product standards, as such may be modified by Dana from time to time during the Term. Dana's information management technical architecture and product standards are, as of the Effective Date, as set forth in Schedule 15 (Dana Technology Standards). Dana remains responsible for promulgation, interpretation and distribution of the Dana Technology Standards.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- 3.8 Reports. Service Provider will provide to Dana, in a form acceptable to Dana, the reports set forth in Schedule 7 (Reports), including appropriate and accurate asset inventory capture and management reports.
- 3.9 Procurement. At Dana's request and in accordance with the Policies and Procedures Manual, Service Provider will obtain on behalf of Dana equipment, software and services to be used by Dana in connection with its receipt or use of the Services. Dana will pay to Service Provider, or the third-party supplier, lessor or licensor, as applicable, the purchase price, leasing fees or license fees, as applicable, due for such equipment, software or services.

ARTICLE 4. TRANSFORMATION SERVICES

4.1 Transformation Services.

- (A) Beginning on the Effective Date, Service Provider will perform all functions and services (except those responsibilities designated as Dana responsibilities in Schedule 3 (Transformation)) (the "Transformation Services") necessary to accomplish the migration of Dana's human resource management and administration operations and capabilities from Dana to Service Provider, and thereafter to undertake the transformation of such human resource management and administration processes and systems, as described in Schedule 3 (Transformation) (the "Transformation").
- (B) The Transformation will be implemented in staggered phases with overlapping timeframes as to each of the Service function groups or geographic areas specified in Schedule 3 (Transformation) (each group or area, a "Phased Service Component"). The Transformation of each Phased Service Component will be completed on or before the date set forth for such Phased Service Component in Schedule 3 (Transformation) (each, a "Transformation Date"). Dana will perform those responsibilities designated as Dana responsibilities in Schedule 3 (Transformation) in accordance with the Transformation Plan.
- (C) Service Provider will perform the Transformation Services in accordance with Schedule 3 (Transformation) without causing a material disruption to Dana's business.
- (D) Until the completion of the Transformation Services, each Party will update the other Party regarding the status of the Transformation Services as often as may be reasonably requested by such other Party, but in any event no less frequently than weekly.

4.2 Completion and Acceptance of Transformation Services.

- (A) The Transformation of each Phased Service Component will not be complete until Service Provider has successfully completed the Transformation Services applicable to such Phased Service Component (in accordance with the process set

*** indicates where a confidential portion has been omitted and filed separately with the Commission

forth in the Transformation Plan) and acceptance takes place in accordance with this Section.

- (B) Subject to the Change Control Procedures, from time to time, and without affecting Dana's right to Deliverable Credits or prejudicing Dana's right to seek other remedies, Dana may postpone the Transformation Date for one or more Phased Service Components or change the order of implementation of the Phased Service Components.
- (C) Upon successful completion of the Transformation as to each of the Phased Service Components (i.e., the completion of the last milestone in the Transformation Plan for such Phased Service Component), Service Provider will convene a meeting with the Dana Relationship Manager in which the Service Provider Relationship Manager will present in person to the Dana Relationship Manager notice of successful completion of the Transformation as to such Phased Service Component as specified in the Transformation Plan. Dana will, within 10 business days after presentation of such notice, notify Service Provider whether it accepts or rejects such Transformation Services as complete. If Dana does not notify Service Provider within such 10-day period, the Transformation will be deemed complete as to such Phased Service Component the day after such 10-business-day period has expired.
- (D) If Service Provider has not successfully completed the Transformation of a Phased Service Component by the Transformation Date specified therefor in the Transformation Plan, without affecting Dana's right to Deliverable Credits or prejudicing Dana's right to seek other remedies, Dana may:
 - (1) postpone the applicable Transformation Date, in which case (a) Service Provider will submit a plan to Dana for Dana's approval that sets forth how and when Transformation of any incomplete parts of the Phased Service Component will be completed and (b) once Dana has approved the plan, Service Provider will execute such Transformation in accordance with the plan; or
 - (2) notify Service Provider that Dana accepts the Transformation of such Phased Service Component as complete.

ARTICLE 5. PROJECTS AND NEW SERVICES

- 5.1 Existing Projects. Service Provider will perform each Project set forth in Schedule 10 (Existing Projects), completing all Project Milestones and providing all Deliverables in accordance with the applicable Work Order. If the Fees for any such existing Project are based on time and materials, then the Project rates set forth in Schedule 6 (Fees) will apply to such Project.
- 5.2 Projects. From time to time during the Term, Dana may engage Service Provider to perform a Project in accordance with the Project work order set forth in Schedule 22 (Form of Work Order). Service Provider will comply with Schedule 4 (Governance) and

*** indicates where a confidential portion has been omitted and filed separately with the Commission

perform each Project, complete all Project Milestones and provide all Deliverables in accordance with the Work Order.

5.3 New Services.

- (A) From time to time during the Term, Dana may wish to add one or more ongoing New Services (contrasted with Projects, which are non-recurring) to the scope of the Services. Dana will provide Service Provider with a description of such New Service setting forth the services, functions and responsibilities constituting the New Service.
- (B) Service Provider will prepare a proposal to Dana setting forth:
- (1) how it would perform the New Service;
 - (2) the Fees for the New Service, including terms and conditions regarding any Variable Fees;
 - (3) when appropriate, a transition plan, including a schedule for commencing the New Service;
 - (4) New Service Levels and Performance Credits (unless Service Provider demonstrates to Dana's reasonable satisfaction that Performance Credits should not be applicable) for the New Service;
 - (5) Key Personnel (unless Service Provider demonstrates to Dana's reasonable satisfaction that additional Key Personnel are not necessary) for the New Service;
 - (6) when appropriate, a resource model for the New Service;
 - (7) when appropriate, a description of any new Software or Equipment to be provided by Service Provider in connection with the New Service;
 - (8) when appropriate, the Software and Equipment and run-time requirements necessary to develop and operate any new Software;
 - (9) a description of the human resources necessary to provide the New Service;
 - (10) when appropriate, a list of any existing Software or Equipment included in or to be used in connection with the New Service;
 - (11) when appropriate, acceptance test criteria and procedures for any new Software or any products, packages or components of the New Service;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

(12) an outline of a Disengagement Plan for the New Service, or an update or supplement to the then current Disengagement Plan for the Services, which will be prepared following the procedures set forth in Section 27.1;

(13) when appropriate, a plan to update or supplement to the then current disaster recovery plan and Policies and Procedures Manual for the New Service; and

(14) any other information related to the New Service requested by Dana.

(C) Pricing of a New Service will be agreed and will be consistent with the then current mechanisms in this Agreement. In any event, Service Provider's pricing of the New Service will be no more than the fees Service Provider generally charges similar customers for similar services. The price for such New Service will also take into account resources and expenses of Service Provider for then-existing Services that would no longer be required if the New Service were implemented.

(D) Dana will review Service Provider's proposal and may request changes. Service Provider will consider and the Parties will negotiate in good faith any such requested changes. Once the proposal is agreed, Dana will prepare a New Service Schedule incorporating the agreed proposal.

(E) Once both Parties agree upon the New Service Schedule, the New Service will form part of the Services and the New Service Schedule will be added to this Agreement.

(F) Dana will not be obligated to pay for any New Service or any other service that falls outside the scope of this Section unless Dana has approved the service in accordance with this Section.

5.4 Third Party Services. Notwithstanding any request made to Service Provider by Dana under Section 5.2 or Section 5.3 or any other provision in this Agreement, Dana may contract with a third party to perform any Project or New Service. Upon Dana's request, Service Provider will assist Dana in identifying qualified third-party service providers to provide such Project or New Service, if Service Provider is unwilling or unable to provide such Project or New Service.

5.5 Cooperation. To the extent that Dana performs any services itself or retains a third party to do so, Service Provider will, to the extent reasonably necessary for Dana or such third party to perform such services or to interface with the Services and, if such third party will have access to Confidential Information of Service Provider, subject to such third party executing a confidentiality agreement in the form set forth in Schedule 13 (Form of Confidentiality Agreement):

(A) cooperate with third parties and Dana, including by providing access to design characteristics of Software and Equipment and related data to the extent required to facilitate interoperability;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (B) provide any information regarding the operating environment, system constraints, protocol, interfaces, architecture and other operating parameters reasonably required by Dana or the third party to perform the services;
- (C) provide any reasonable interface resources (including Equipment or Software) necessary to enable Equipment to interface or be compatible with the Retained Systems;
- (D) use commercially reasonable efforts to ensure that there is no degradation in the provision of the Services caused by adjustments made by Service Provider transferring services to a third party or to Dana; and
- (E) agree on procedures with Dana and any third parties providing services to Dana for the division of responsibilities in relation to services and functions that may overlap between Service Provider and the third party.

Service Provider will provide such cooperation, information and resources at no additional cost to Dana, unless Service Provider notifies Dana, in advance, that it cannot perform such functions using the personnel resources Service Provider is then using to provide the Services without adversely affecting its ability to provide the Services and meet the Service Levels.

ARTICLE 6. SERVICE LEVELS

6.1 Service Levels. Service Provider will perform the Services in accordance with the Service Levels set forth in Schedule 5 (Service Levels and Performance Credits). Service Provider will provide all Services without expressly defined Service Levels at service levels that equal or exceed the level of service being provided by Dana before the Commencement Date.

6.2 New Service Levels. Service Provider will perform any New Service in accordance with the New Service Levels applicable to such New Service.

6.3 Adjustment of Service Levels.

- (A) The Lead Executive Team (1) will review the Service Levels for the preceding 12 months during the last calendar quarter of every Contract Year and (2) with respect to those Service Levels that require periodic adjustment under Schedule 5 (Service Levels and Performance Credits) or the applicable New Service Schedule or Work Order or are no longer appropriate because of an increase, decrease or change to the Services, will adjust the Service Levels for the subsequent Contract Year in accordance with Schedule 5 (Service Levels and Performance Credits). In addition, either Party may, at any time upon notice to the other Party, initiate negotiations to review and, upon agreement by the Lead Executive Team, adjust a Service Level that such Party in good faith believes is inappropriate at the time.
- (B) Dana may, from time to time, in accordance with Schedule 5 (Service Levels and Performance Credits), change the Service Levels to reflect its changing business needs, including adding or removing a Service Level. If Service Provider can

*** indicates where a confidential portion has been omitted and filed separately with the Commission

demonstrate to Dana's reasonable satisfaction that such new Service Level will materially increase Service Provider's cost of performing the Services in accordance with the new Service Level, Dana may only add that new Service Level if:

- (1) Service Provider agrees; or
- (2) Service Provider does not agree, but:
 - (a) Dana removes an existing Service Level at the same time as introducing the new Service Level and the Parties agree that the aggregate cost of providing the Services in accordance with the new Service Level plus the cost of measuring and reporting on such new Service Level is not materially higher than the aggregate cost of providing the Services under the existing Service Level plus the cost of measuring and reporting on the existing Service Level; or
 - (b) Dana agrees to pay Service Provider for its incremental cost of providing the Services under the new Service Level plus the cost of measuring and reporting on the new Service Level.

Any disputes about such incremental cost will be subject to the dispute resolution provisions of Schedule 4 (Governance) and this Agreement.

6.4 Measurement and Monitoring Tools.

- (A) As of each Transformation Date (or other date specified in Schedule 5 (Service Levels and Performance Credits) with respect to any Service Level), Service Provider will implement the measurement and monitoring tools and procedures required to measure and report (as contemplated by Schedule 5 (Service Levels and Performance Credits)) Service Provider's performance of the Services against the applicable Service Levels. Such measurement and monitoring and procedures will (1) permit reporting at a level of detail specified by Dana that is sufficient to verify compliance with the Service Levels and (2) be subject to audit by Dana or its designee.
- (B) Service Provider will provide Dana with on-line access to such measurement and monitoring tools and information, so that Dana is able to access the same information as soon as it is available on-line to Service Provider.
- (C) In addition to on-line access to such measurement and monitoring tools and information, Service Provider will provide Dana with periodic reports on Service Provider's compliance with the Service Levels as set forth in Schedule 5 (Service Levels and Performance Credits).
- (D) In addition to on-line access to such measurement and monitoring tools and information and such periodic reports, Service Provider will provide Dana and its

*** indicates where a confidential portion has been omitted and filed separately with the Commission

designees access to and information concerning such measurement and monitoring tools and procedures upon request, for inspection and verification purposes.

6.5 Root-Cause Analysis.

- (A) With respect to Service Provider's failure to provide the Services in accordance with the Service Levels, Service Provider will (1) promptly investigate, perform a root cause analysis on the failure in accordance with Schedule 4 (Governance), identify the problem causing the failure and report to Dana, (2) correct the problem as soon as practicable and resume meeting the Service Levels, (3) advise Dana of the status of the problem at stages determined by Dana and (4) demonstrate to Dana that all reasonable action has been taken to prevent any recurrence of such default or failure.
- (B) Service Provider will, at any time at which Service Provider anticipates that it will fail to meet a Service Level, advise Dana of the status of the problem at time intervals determined by Dana.

6.6 Continuous Improvement and Best Practices. Service Provider will, on a continuous basis, identify ways to improve the Service Levels. Service Provider will, from time to time, include updates with respect to such improvements in the reports provided to Dana under Section 3.8.

6.7 Performance Credits.

- (A) In the event of a failure to provide the Services in accordance with the applicable Critical Service Levels, Service Provider will incur the Performance Credits identified in and according to the terms set forth in Schedule 5 (Service Levels and Performance Credits) or a New Service Schedule.
- (B) Performance Credits will be allocated among the Critical Service Levels and calculated in accordance with the procedure set forth in Schedule 5 (Service Levels and Performance Credits). Dana may from time to time reallocate the Performance Credit percentages assigned to the Critical Service Levels as set forth in Schedule 5 (Service Levels and Performance Credits).
- (C) The Performance Credits will not limit Dana's right to recover, in accordance with this Agreement, other damages incurred by Dana as a result of a Service Level failure.
- (D) In addition to Dana's right to receive Performance Credits and any damages to which Dana may be entitled for a Service Level default, Dana may terminate this Agreement for certain Service Level defaults as set forth in Section 25.6.
- (E) Nothing in this Section will be deemed to limit or obviate Dana's right to terminate this Agreement under Section 25.4.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

6.8 Deliverable Credits.

- (A) Deliverable Credits apply to:
 - (1) Critical Deliverables as specified in this Agreement;
 - (2) Critical Deliverables specified in the Transformation Plan; and
 - (3) such other Critical Deliverables (including Project milestones set forth in Work Orders) as may be agreed to by the Parties from time to time.
- (B) Deliverable Credits for certain Critical Deliverables are specified in this Agreement or its Schedules or, in the case of Projects, in the Work Order for the Project. Amounts for other Critical Deliverables required during the Term will be agreed on a case-by-case basis.
- (C) A Deliverable Credit payable for a Critical Deliverable earned in a particular month will be credited by Service Provider to Dana on the next invoice.
- (D) Deliverable Credits will not limit Dana's right to recover, in accordance with this Agreement, other damages incurred by Dana as a result of failure to provide Critical Deliverables that are subject to a Deliverable Credit by the time or in the manner agreed.
- (E) Nothing in this Section will be deemed to limit or obviate Dana's right to terminate this Agreement under Section 25.4.

6.9 Performance Information. The raw data and detailed supporting information and reports relating to Service Levels and performance ("Performance Information") will be Confidential Information of both Parties; provided that Dana may disclose the Performance Information in connection with obtaining a successor service provider for the Services and Service Provider may disclose the Performance Information in a manner that, if aggregated with performance information from its other customers, does not identify (or enable the identification of) Dana as the recipient of the applicable Services. Service Provider will provide material containing the Performance Information to Dana promptly on request.

6.10 Customer Satisfaction Surveys. Service Provider will conduct customer satisfaction surveys in accordance with this Section 6.10 and Schedule 21 (Customer Satisfaction Surveys).

- (A) Within 90 days after the Effective Date, Service Provider will select an independent third party and finalize a process for conducting customer satisfaction surveys, both subject to Dana's prior approval. The selected third party will conduct a baseline customer satisfaction survey within such 90-day period.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (B) Additional customer satisfaction surveys will be performed at the times specified in, and otherwise in accordance with, Schedule 21 (Customer Satisfaction Surveys). Such surveys may be performed by Service Provider or, at Dana's option, an independent third party.
- (C) Increasing measures of customer satisfaction will be used by Service Provider as a key performance factor in determining the incentive compensation of Key Personnel and such other Project Staff as Dana may reasonably request.
- (D) Service Provider will be responsible for all costs associated with conducting customer satisfaction surveys under this Section 6.10 and Schedule 21 (Customer Satisfaction Surveys).

ARTICLE 7. TECHNOLOGY

7.1 Retained Systems and Retained Processes.

- (A) Service Provider will use commercially reasonable efforts to ensure that (1) in providing the Services it does not by any act or omission adversely affect or alter the operation, functionality or technical environment of Dana's Retained Systems and Retained Processes without the consent of Dana; and (2) Systems and processes used to provide the Services interface and integrate with the current Retained Systems and Retained Processes as of the Effective Date. Upon a change to the Retained Systems and Retains Processes, Service Provider will make changes to its Systems and Services as necessary to maintain such interfaces and integration at no additional charge unless Service Provider notifies Dana, in advance, that it cannot make such changes using the personnel resources Service Provider is then using to provide the Services without adversely affecting its ability to provide the Services and meet the Service Levels.
- (B) As necessary for Service Provider to perform the Services and comply with its obligations under this Section, the Parties will cooperate in good faith to keep each other informed about all aspects of the existing and future Retained Systems and Retained Processes. Dana will provide documentation, information and other cooperation regarding any existing and future Retained Systems and Retained Processes, as reasonably necessary for Service Provider to perform the Services and comply with this Section. Dana will also provide training with respect to any Retained Systems and Retained Processes that are proprietary to Dana as reasonably required by Service Provider to comply with its obligations under this Section.
- (C) Service Provider will provide Dana on request with services in relation to Retained Systems affected by the Services, including liaising with Dana, its outsourcing partners or third parties on the impact of any alterations to such Retained Systems and vice versa.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

7.2 Process and Technology Evolution.

- (A) Service Provider acknowledges that Dana's business model and the human resource management and administration processes employed throughout the Dana Group will continue to evolve over the Term and, at a minimum, the Parties will collaborate to ensure that the technology used to perform the Services will remain consistent with the Dana Group Companies' then current business and human resource objectives and competitive needs. Service Provider will refresh Service Provider owned Equipment and Service Provider licensed Software, and Dana licensed software for Peoplesoft from time to time during the Term as necessary to maintain all applicable Service Levels. Service Provider will upgrade the Peoplesoft software twice during the Term with the Peoplesoft version specified by Dana. Service Provider will give Dana reasonable prior notice of any significant changes associated with refresh and Dana may waive any such changes that may involve risk to Dana's business, increased Fees or other costs to Dana.
- (B) Service Provider will continually introduce and implement Technology Evolution to improve the quality and cost effectiveness of the Services and to keep pace with technological advancements or improvements throughout the Term, which may include implementing proven technology or processes that Service Provider is using in similar environments anywhere in the world or are consistent with industry best practices. In implementing any new technology or process under this subsection (B), Service Provider will obtain any Dana approvals required by this Agreement.
- (C) Subject to any Dana approvals required by this Agreement, Service Provider, without increasing the Fees, will cause the Services to evolve and to be modified, enhanced, supplemented and replaced as necessary for the Services to keep pace with improvements in practices and methodologies for the delivery of human resource management and administration services and to support Dana's efforts to maintain competitiveness in the markets in which it competes.
- (D) In addition to Service Provider's obligations under subsection (B) and subsection (C), Service Provider will (1) monitor, analyze, and report to Dana annually on new technologies, practices and methodologies and emerging trends in the field of human resource management and administration services; (2) if requested by Dana, demonstrate how Service Provider would integrate the new technologies, practices or methodologies into the Services and what effect (if any) the integration would have on the direction of Dana's then current strategy; and (3) identify and, with Dana's approval, implement new technologies, practices and methodologies that are intended (a) to improve the efficiency and effectiveness of the Services (including cost savings), (b) to result in cost savings to the Dana Group, (c) to enhance the Dana Group Companies' ability to conduct their business and serve their employees or (d) to achieve Dana's business objectives faster or more efficiently than the then current strategies.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

ARTICLE 8. INTERNATIONAL SERVICES

- 8.1 Worldwide Agreement. In executing this Agreement Dana engages Service Provider for the provision of Services within the United States and for the benefit of selected non-US Affiliates of Dana. The Parties agree to cooperate in good faith to effectuate any changes in terms necessary as a result of any legally mandated consultation process with employees.
- 8.2 Assignment. Either Party may assign its rights and delegate its obligations under this Agreement, in whole or in part, to one or more Affiliates without the consent of the other Party (each such Affiliate an "Assignee"), provided that the assigning Party shall remain responsible to the other Party for the assignee's performance. The assigning Party shall provide the other with prompt notice of such assignment. To the extent Service Provider assigns its rights and delegates its obligations under the Agreement with respect to Services performed in a specific country, such Affiliate may invoice Dana's local Affiliate for the Fees associated with the Services performed in that country. Alternatively, Dana may direct such Assignee to send such invoice to a designated Dana Affiliate in such country.
- 8.3 Local Country Agreements. In order to conform to Laws and practices outside the United States, Dana or selected Dana Affiliates and Service Provider or Affiliates of Service Provider will, prior to Service Provider providing any Services in countries outside the United States, enter into mutually agreeable local country agreements with respect to countries outside the United States (each a "Local Country Agreement"). Each local Country Agreement will contain, as applicable:
- (A) variations to the terms and conditions of this Agreement required by Local Law;
 - (B) human resource provisions required by Local Law or as a result of a consultation process with employees concerning the transfer of Transferred Employees to Service Provider; and
 - (C) lists of Transferred Employees to be transferred to Service Provider, Dana contracts to be assigned to Service Provider or managed by Service Provider, variations in the scope of Services or manner in which Services are provided, applicable billing practices (which will otherwise be presumed to be between local Affiliates), and such other matters as are agreed by the Parties.

ARTICLE 9. CONTRACT ADMINISTRATION

- 9.1 Assigned Agreements. The Assigned Agreements will be, as of the Effective Date or such later date as may be specified for an Assigned Agreement in Schedule 23 (Assigned Agreements and Managed Agreements) (the "Assigned Agreement Effective Date"), assigned to Service Provider. Effective upon the applicable Assigned Agreement Effective Date, Service Provider will assume all responsibility for each Assigned Agreement. Dana will retain responsibility for all obligations with respect to the Assigned Agreements before the applicable Assigned Agreement Effective Date. From and after the applicable Assigned Agreement Effective Date, Service Provider may, to the

*** indicates where a confidential portion has been omitted and filed separately with the Commission

extent permitted by the Assigned Agreements, renew, modify, terminate or cancel, or request or grant any consents or waivers under, any such Assigned Agreements; provided that Service Provider will remain responsible for all Services to Dana that are provided, related to or supported by all such Assigned Agreements, regardless of any such renewal, modification, termination, cancellation, consent or waiver. Any fees or charges imposed upon Dana in connection with any modification, termination or cancellation of, or consent or waiver under, the Assigned Agreements obtained or given after the Assigned Agreement Effective Date will be paid by Service Provider.

9.2 Assigned Agreement Invoices. Service Provider will (1) pay the invoices submitted by third parties in connection with the Assigned Agreements allocable to the period commencing on the applicable Assigned Agreement Effective Date and (2) be responsible for any late fees with respect to such third-party invoices (except for periods before the Assigned Agreement Effective Date) unless, with respect to any such invoice that Dana receives in a timely manner from a third party, Dana fails to forward such invoice to Service Provider for payment within a reasonable period of time before the date such invoice is due.

9.3 Managed Agreements. From and after the Effective Date or such later date as may be specified for a Managed Agreement in Schedule 23 (Assigned Agreements and Managed Agreements) (the "Managed Agreement Effective Date"), Service Provider will, on behalf of Dana and Dana Affiliates, manage, administer and maintain each Managed Agreement. Service Provider may not renew, modify, terminate or cancel, or request or grant any consents or waivers under, any Managed Agreements without the prior written consent of Dana. Any fees or charges or other liability or obligation imposed upon Dana in connection with any such renewal, modification, termination or cancellation of, or consent or waiver under, the Managed Agreements, obtained or given by Service Provider without the consent of Dana, will be paid or discharged, as applicable, by Service Provider.

9.4 Managed Agreement Invoices.

- (A) Except as otherwise provided herein, Dana will remain financially responsible for all amounts payable under Managed Agreements.
- (B) Service Provider will (a) receive all Managed Agreement invoices, (b) review and have the third party correct any errors in any such Managed Agreement invoices in a timely manner and (c) provided Service Provider has received the Managed Agreement invoice sufficiently in advance of the payment due date, submit such Managed Agreement invoices to Dana for approval within a reasonable period of time before the due date or, if a discount for prompt payment is offered and Dana notifies Service Provider that Dana desires to take advantage of such discount, the date by which Dana must pay such Managed Agreement invoice to receive the discount.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (C) Dana will not be required to pay Service Provider any amounts in addition to the Fees, for management, administration, maintenance and other Services with respect to the Managed Agreements.
- (D) If Service Provider fails to submit any Managed Agreement invoice to Dana for approval within a reasonable period of time before the date on which the Managed Agreement invoice is due, Service Provider will be responsible for any late fees incurred by Dana due to such delay, unless Service Provider did not receive the invoice far enough in advance to permit delivery within a reasonable period of time before such due date.

9.5 Performance Under Managed Agreements. Service Provider will monitor and manage any service levels or other similar performance terms of the Managed Agreements and will notify Dana of any service level failures under the Managed Agreements. Service Provider will promptly notify Dana of any breach of, or misuse or fraud in connection with, any Managed Agreements of which Service Provider becomes aware and will cooperate with Dana to prevent or stay any such breach, misuse or fraud. To the extent necessary to enable Service Provider to perform its obligations under this Agreement with respect to the Managed Agreements, Dana will promptly notify Service Provider of any breach of, or misuse or fraud in connection with, any Managed Agreements of which Dana becomes aware.

ARTICLE 10. SERVICE LOCATIONS

10.1 Service Locations. The Services will be provided to Dana from the Service Locations specified in Schedule 12 (Service Locations) and any other location for which Service Provider has received Dana's approval, to be given in Dana's sole discretion. Any incremental expenses incurred by Dana as a direct result of a relocation to, or use of, any location other than the Service Locations initially set forth in Schedule 12 (Service Locations) (unless such relocation is undertaken at Dana's request) will, at Dana's sole discretion, either be paid by Service Provider or reimbursed to Dana by Service Provider. Service Provider and Service Provider Agents may not provide or market services to a third party from a location owned or controlled by Dana without Dana's consent, to be given in Dana's sole discretion.

10.2 Physical Safety and Security Procedures.

- (A) Service Provider will maintain and enforce at the Service Locations physical safety and security procedures that are at least equal to industry standards for locations similar to the Service Locations and any higher standard agreed upon by the Parties.
- (B) When providing Services from locations owned or controlled by Dana, Service Provider will comply with the physical safety and security procedures that are applicable to such locations as set forth in Schedule 19 (Dana Policies and Procedures) and as modified from time to time.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

10.3 Information Security.

- (A) Service Provider acknowledges that Dana has established, and during the Term may amend, minimum appropriate levels of security for information residing on Dana systems and for Dana Data residing on the Service Provider Systems.
- (B) Dana's information security policies as of the Effective Date are set forth in Schedule 14 (Dana Information Security Requirements). Dana may amend these security policies on 30 days' notice to Service Provider or such shorter notice period as required in order to comply with Law, utilizing the Change Control Procedures.
- (C) Service Provider will, and will cause each member of the Project Staff to, comply with Schedule 14 (Dana Information Security Requirements) at all locations, whether Dana premises or Service Provider premises, to which they have access in connection with the performance of Services hereunder.
- (D) If Service Provider or any Service Provider Agent discovers or is notified of a breach or potential breach of security relating to Dana Data, Service Provider will immediately (1) notify the Dana Relationship Manager of such breach or potential breach and (2) if the applicable Dana Data was in the possession of Service Provider or a Service Provider Agent at the time of such breach or potential breach, Service Provider will (a) investigate and remedy the cause of the breach or potential breach and (b) provide Dana with assurance satisfactory to Dana that such breach or potential breach will not recur.
- (E) Without limiting the foregoing, Service Provider agrees to administer adequate safeguards, as determined by Dana, regarding the transfer of personal data used or accessed in the course of performing the Services, including any safeguards required under the 1995 EU Privacy Directive as enacted in local jurisdictions, and will ensure that its agreements with third parties involving the use or access of such data include such safeguards.

ARTICLE 11. HUMAN RESOURCES

- 11.1 Human Resources. All terms and conditions relating to the offer of employment to the Affected Employees, and the employment of the Transferred Employees, are set forth in Schedule 18 (Human Resources) and, if applicable, the Local Country Agreements.

ARTICLE 12. PROJECT STAFF

- 12.1 Project Staff Matters. Schedule 18 (Human Resources) sets forth terms and conditions regarding the selection, replacement and reassignment of Project Staff, including Key Personnel, and certain restrictions on the assignment of Key Personnel to Service Provider accounts with Excluded Companies.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

12.2 Subcontractors.

- (A) Other than subcontracts of \$250,000 or less in annual value, Service Provider will not subcontract any of the Services to a third party (including to a Service Provider Affiliate) without Dana's prior consent. Approved subcontractors as of the Effective Date are set forth in Schedule 11 (Approved Subcontractors).
- (B) Regardless of subcontract value, at least 30 days before entering into a subcontract with a third party to perform any Services under this Agreement, Service Provider will give Dana written notice specifying the identity, qualifications and scope of the Services to be provided by the proposed subcontractor.
- (C) Each subcontract between Service Provider and a third party for the provision of any Services will provide Dana with rights and protections equivalent to those provided by this Agreement, including with respect to the use, licensing and ownership of intellectual property, the use of Dana Resources, audit of Services, protection of Confidential Information and warranties regarding Services and Deliverables.
- (D) No subcontracting will release Service Provider from its responsibility for its obligations under this Agreement. Service Provider will be responsible for the work and activities of each of the Service Provider Agents and members of the Project Staff employed by Service Provider Agents, including compliance with the terms of this Agreement. Service Provider will be responsible for all payments to its subcontractors.
- (E) Service Provider will promptly pay for all services, materials, Equipment and labor used by Service Provider in providing the Services and Service Provider will promptly cause any Service Provider Agent to promptly remove any lien on Dana's premises by such Service Provider Agent for work performed under this Agreement.

12.3 Conduct of Project Staff.

- (A) While at the Dana premises, Service Provider and Service Provider Agents will (1) comply with the requests, standard rules and regulations of Dana regarding safety and health, personal and professional conduct (including adhering to general safety practices or procedures) generally applicable to such Dana premises, including those set forth in Schedule 19 (Dana Policies and Procedures) and (2) otherwise conduct themselves in a businesslike manner.
- (B) Service Provider will cause Service Provider Agents and members of the Project Staff to maintain and enforce the confidentiality provisions of this Agreement.
- (C) If Dana notifies Service Provider that a particular member of the Project Staff is not conducting himself or herself in accordance with this Section, Service Provider will promptly (1) investigate the matter and take appropriate action,

*** indicates where a confidential portion has been omitted and filed separately with the Commission

which may include (a) removing the applicable person from the Project Staff and providing Dana with prompt notice of such removal and (b) replacing the applicable person with a similarly qualified individual or (2) take other appropriate disciplinary action to prevent a recurrence. If Dana is dissatisfied with Service Provider's investigation or action or continues to be dissatisfied with the conduct of a particular member of the Project Staff, Service Provider will promptly remove the individual from the Project Staff at Dana's request.

ARTICLE 13. CONTINUED PROVISION OF SERVICES

13.1 Disaster Recovery Plan.

- (A) Service Provider will implement and maintain disaster recovery plans and business continuity plans for Service Provider Service Locations and Service Provider's business that, at a minimum, address the matters set forth in Schedule 20 (Disaster Recovery and Business Continuity Requirements), and support Dana in their implementation of Dana disaster recovery plans and Dana business continuity plans for Dana Service Locations and will comply with Schedule 14 (Dana Information Security Requirements) in connection with such plans. Service Provider will (1) update and test the operability of any applicable Service Provider recovery plan annually and upon any significant change to the Systems or procedures constituting or affecting the Services, (2) certify to Dana upon each such test that each such plan is fully operational and provide Dana with a summary of any report regarding the results of such test and (3) implement each such plan upon the occurrence of a disaster.
- (B) Service Provider will reinstate the Services within the time periods set forth in Schedule 20 (Disaster Recovery and Business Continuity Requirements) (or if not set forth in Schedule 20, the recovery time periods set forth in Service Provider's recovery plan) after the occurrence of a disaster.
- (C) In the event of a disaster (as such term is defined in the applicable recovery plan), Service Provider will not increase its Fees under this Agreement or charge Dana any declaration, usage or other fees in addition to such Fees.

13.2 Force Majeure. If and to the extent that a Party's performance of any of its obligations under this Agreement is prevented, hindered or delayed by a cause beyond the reasonable control of such Party, which may include fire, flood, earthquake, elements of nature or acts of God, acts of war, terrorism, riots, civil disorders, rebellions or revolutions (each, a "Force Majeure Event"), and such non-performance, hindrance or delay could not have been prevented by reasonable precautions, then the non-performing, hindered or delayed Party will be excused for such non-performance, hindrance or delay, as applicable, of those obligations affected by the Force Majeure Event for as long as such Force Majeure Event continues and such Party continues to use commercially reasonable efforts to resume performance whenever and to whatever extent possible without delay, including through the use of alternate sources, workaround plans or other means. The Party whose performance is prevented, hindered or delayed by a Force Majeure Event will

*** indicates where a confidential portion has been omitted and filed separately with the Commission

immediately notify the other Party of the occurrence of the Force Majeure Event and describe in reasonable detail the nature of the Force Majeure Event. The occurrence of a Force Majeure Event does not excuse, limit or otherwise affect Service Provider's obligation to provide either normal recovery procedures or any other disaster recovery services described in Section 13.1, except to the extent the Force Majeure Event prevents execution of the disaster recovery plan itself. The failures of subcontractors or third-party providers of services to Service Provider will not be considered Force Majeure Events.

- 13.3 Alternate Source. If any Force Majeure Event or disaster prevents, hinders or delays performance of Services for more than seventy-two (72) hours after the inception of the Force Majeure Event or disaster, Dana may procure such Services from an alternate source and Service Provider will reimburse Dana for the reasonable and actual costs and expenses incurred by Dana in procuring such Services from an alternate source, to the extent that those costs and expenses exceed the Fees for such Services for so long as the delay in performance will continue, but in no event longer than the earlier of (a) 180 days from the start of such delay, or (b) the remaining Term, provided that Dana continues to pay Service Provider for such Services. If the Force Majeure Event or disaster continues to prevent, hinder or delay performance of the Services for more than 14 calendar days after the inception of the Force Majeure Event or disaster or, if a different time period is specified for Service reinstatement in Schedule 20 (Disaster Recovery and Business Continuity Requirements), such time period, Dana may at its sole discretion, effective as of a date specified by Dana in a termination notice to Service Provider, without observing the cure period required by Section 25.4, (1) terminate any portion of this Agreement affected by the nonperformance and the Fees will be equitably adjusted or (2) terminate the entire Agreement without liability to Dana except as set forth in Schedule 6 (Fees); provided that, if Service Provider succeeds in reinstating the Services, Dana must exercise such termination rights within 30 days after such reinstatement.
- 13.4 No Payment for Unperformed Services. If Service Provider fails to provide the Services in accordance with this Agreement due to the occurrence of a Force Majeure Event, the Fees will be adjusted in a manner such that Dana is not responsible for the payment of any Fees for Services that Service Provider fails to provide.
- 13.5 Allocation of Resources. Whenever a Force Majeure Event or a disaster causes Service Provider to allocate limited resources between or among Service Provider's customers, Dana will receive at least the same treatment as other Service Provider customers who are receiving an allocation of resources. In addition, in no event will Service Provider redeploy or reassign any Key Personnel to another account in the event of a Force Majeure Event.

ARTICLE 14. DANA RESPONSIBILITIES

- 14.1 Dana Operational Responsibilities. Dana will have the operational responsibilities set forth in Schedule 8 (Dana Operational Responsibilities and Resources) and, for a Project, set forth in the Work Order.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

14.2 Dana Resources. Dana will make available to Service Provider the resources, facilities, equipment, furnishings, fixtures and support set forth in Schedule 8 (Dana Operational Responsibilities and Resources) and, for a Project, set forth in the Work Order ("Dana Resources") in accordance with the following provisions:

- (A) the terms specified in Schedule 8 (Dana Operational Responsibilities and Resources) or any other terms agreed between Dana and Service Provider in writing from time to time will apply to the Dana Resources;
- (B) Service Provider will comply with any procedures specified in Schedule 8 (Dana Operational Responsibilities and Resources) in relation to the Dana Resources;
- (C) except as expressly provided in this Agreement, Service Provider will use the Dana Resources for the sole and exclusive purpose of providing the Services to Dana;
- (D) use by Service Provider of facilities that are included in the Dana Resources does not constitute a leasehold interest in favor of Service Provider or any of Service Provider's customers;
- (E) Service Provider will use the facilities that are included in the Dana Resources in a reasonably efficient manner, and to the extent that Service Provider operates such a facility in a manner that unnecessarily increases facility costs incurred by Dana, Dana reserves the right to set-off the excess utility costs of such practices;
- (F) Service Provider will (and will ensure that Service Provider Agents) keep facilities that are included in the Dana Resources in good order, not commit or permit waste or damage to such facilities, not use such facilities for any unlawful purpose or act and comply with all of Dana's standard policies and procedures as in effect from time to time as communicated to Service Provider, including procedures for the physical security of such facilities;
- (G) Service Provider will be responsible for damages to, and fines arising from use of, the Dana Resources to the extent caused by Service Provider, its agents, subcontractors, employees or invitees;
- (H) Service Provider will permit Dana and Dana agents to enter into those portions of facilities that are included in the Dana Resources that are occupied by Project Staff at any time to perform facility-related services;
- (I) Service Provider will not make any improvements or changes involving structural, mechanical or electrical alterations to facilities that are included in the Dana Resources without Dana's approval; and
- (J) when any facility that is included in the Dana Resources is no longer required for performance of the Services for Dana, Service Provider will return such facility to Dana in substantially the same condition as when Service Provider began using such facilities, ordinary wear and tear excepted.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

14.3 Management of Issues.

- (A) Notwithstanding anything contained in this Article, Service Provider will proactively manage issues in a manner that ensures all tasks required to be performed under this Agreement are performed in a timely manner. Each member of the Project Staff will promptly escalate an issue if the performance of any such Project Staff member's obligation is directly impacted by the failure of Dana to perform a prerequisite task. Service Provider will not have met its obligation with respect to the hindered task unless and until the Dana Relationship Manager (or other relevant Dana team member identified in Schedule 4 (Governance)) has been notified of such failure to perform.
- (B) Dana's failure to perform any of its stated operational responsibilities or provide any Dana Resources will not constitute a breach of this Agreement or give rise to any right to terminate this Agreement. If Dana fails to fulfill any of the responsibilities set forth in Schedule 8 (Dana Operational Responsibilities and Resources) or provide any Dana Resources, Service Provider will be excused from the performance of its obligations under this Agreement adversely affected by such failure to the extent and only for so long as Dana's failure is the direct cause of Service Provider's non-performance, but only:
 - (1) if Service Provider promptly notifies the Dana Relationship Manager of Dana's failure and if, after notifying the Dana Relationship Manager, Dana fails to promptly rectify the failure; and
 - (2) with respect to such specific obligations for which no reasonable workaround exists.

ARTICLE 15. FEES AND PAYMENT

15.1 Fees. In consideration of Service Provider providing the Services under this Agreement, Dana will pay to Service Provider:

- (A) the Fees set forth in Schedule 6 (Fees);
- (B) for Projects, Fees determined in accordance with Schedule 6 (Fees) and the applicable Work Order; and
- (C) for a New Service, the Fees set forth in the applicable New Service Schedule.

Except as expressly set forth in this Agreement, there will be no charge or Fees payable by Dana for Service Provider's performance of its obligations under this Agreement. Service Provider will extend the Fees to other members of the Dana Group Companies as requested by Dana.

15.2 Variable Fees. At the end of every month, Service Provider will review the volume of those Services used by Dana during the preceding month that, as designated in Schedule 6 (Fees), are subject to Variable Fees. If the volume of Dana's use of a Service subject to Variable Fees (1) increases above the applicable resource baseline set forth in Schedule 6

*** indicates where a confidential portion has been omitted and filed separately with the Commission

(Fees), Dana will pay Service Provider, in addition to the Fees otherwise due for such Service, an amount equal to the corresponding Additional Resource Charge or (2) decreases below the applicable resource baseline set forth in Schedule 6 (Fees), Service Provider will credit Dana an amount equal to the corresponding Reduced Resource Credit. All such payments and credits will be effected in accordance with Section 15.3.

15.3 Invoices. Invoices will adhere to the provisions of Schedule 6 (Fees).

15.4 [INTENTIONALLY BLANK]

15.5 Refundable Items; Prepaid Expenses. If Service Provider receives during the Term any refund, credit or other rebate (including deposits) in connection with any Assigned Agreement, and such refund, credit or other rebate is attributable to a period before the Assigned Agreement Effective Date, as applicable, then Service Provider will promptly (1) notify Dana of such refund, credit or rebate and (2) pay to Dana the full amount of such refund, credit or rebate. Service Provider will reimburse Dana for all prepaid amounts related to the Services.

15.6 Adjustments to Fees. There will be no periodic adjustments to the Fees except as expressly set forth in Schedule 6 (Fees).

15.7 Expenses. Except as expressly set forth in Schedule 6 (Fees), all travel and other costs and expenses relating to the Services are included in the Fees and will not be charged to or reimbursed by Dana. To the extent that this Agreement or Schedule 6 (Fees) specifically identifies Pass-Through Expenses to be paid by Dana, such expenses will be passed through by Service Provider with no mark-up. Service Provider will use commercially reasonable efforts to (1) identify and obtain any Pass-Through Expenses that a third-party vendor may not provide to Service Provider in a timely manner, and (2) ensure that all Pass-Through Expenses incurred in each month will be included in the invoice issued in the following month. Service Provider will report each month to Dana on the status of late third-party vendor invoices and Service Provider's efforts to obtain them.

15.8 Disputed Charges.

- (A) Dana may withhold payment of any portion of an invoice that it disputes in good faith, not to exceed *** (the "Withholding Cap"). In addition, Dana may, in lieu of payment to Service Provider, pay into an escrow account up to an additional *** in excess of the Withholding Cap for any portion of an invoice that it disputes in good faith. Notwithstanding the preceding two sentences, if Dana disputes in good faith any portion of an invoice relating to a Project, Dana may withhold payment of up to *** for such Project (the "Project Withholding Cap").
- (B) No later than the date on which such withheld Fees or expenses are due, Dana will provide Service Provider with a statement specifying the portion of Fees or expenses being withheld or escrowed and a reasonably detailed explanation of the reasons for withholding or escrowing such Fees or expenses.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

(C) Whenever Dana withholds or escrows payment of a disputed portion of any invoice, the Parties will negotiate expeditiously and in good faith to resolve any such disputes in accordance with Schedule 4 (Governance). All amounts held in escrow at the conclusion of the dispute resolution process will be disbursed to Service Provider or to Dana, or allocated between them, in accordance with the resolution.

(D) Payment disputes will not affect Service Provider's obligation to provide the Services in accordance with the Service Levels or any other Service Provider obligation under this Agreement.

15.9 Rights of Set-Off. With respect to any amount that (A) should be reimbursed to Dana or (B) is otherwise payable to Dana under this Agreement, Dana may deduct the entire amount owed to Dana from the Fees or from the expenses owed by Dana to Service Provider under this Agreement.

15.10 Unused Credits. Any unused credits against future payments (including Reduced Resource Credits, Performance Credits and Deliverable Credits) owed to either Party by the other under this Agreement will be paid to the applicable Party within 30 days after the expiration or termination of this Agreement.

15.11 Benchmarking. Dana may elect to engage a third party benchmark organization (the "Benchmarker") to compare the Fees in the aggregate for some or all of the Services (the "Benchmarked Services") and prices charged by other top tier service providers for similar services, on an average total charges basis based on the processes included in the Benchmarked Services (each such comparison a "Benchmark") pursuant to this Section. Benchmarking will be governed by the following terms:

(A) The Benchmark process may commence no earlier than ***.

(B) The agreed upon Benchmarkers will be set forth in Schedule 24 (Benchmarkers) as of the Effective Date. The Parties will update this list as necessary on an annual basis. *** Within *** days of receipt of such list, Dana will elect a Benchmarker from such list and engage such Benchmarker by entering into a *** written agreement with the Benchmarker that, at a minimum, shall reflect the requirements set forth in this Section. Notwithstanding the above, Dana shall not engage any Benchmarker for which the engagement would result in a

*** indicates where a confidential portion has been omitted and filed separately with the Commission

violation of any applicable laws or regulations or otherwise violate Dana's then current audit service conflict policies. ***

- (C) Dana shall pay all charges, expenses and costs incurred by the Benchmarker in performing the benchmarking described in this Section. The Service Provider will at its sole cost and expenses cooperate fully with the Benchmarker and provide the data requested by the Benchmarker relating to the provision of the Services. Only Dana may exercise a right to conduct a Benchmark.
- (D) Prior to receiving any information from the Parties regarding the Services or the Fees the Benchmarker shall execute a confidentiality agreement reasonably satisfactory to both Service Provider and Dana that at a minimum specifies that the data provided by Dana and Service Provider may not be used for any other purpose than conducting the referenced Benchmark.
- (E) It is the intent of the Parties that the Benchmark be a collaborative process. In this regard, each Party shall cooperate with reasonable requests by the Benchmarker for any information or data related to the Agreement to the extent necessary for the Benchmarker to perform the Benchmark; provided, however, in no event shall Service Provider be required to provide the Benchmarker with Service Provider cost data or data relating to other Service Provider customers.
- (F) The Benchmarker shall perform a price-based benchmark, using reasonably current data, comparing the total Fees for all Services included, in the aggregate, in the Benchmarked Services, against the total charges applicable to similar services with respect to the selected entities in the Representative Sample as such term is defined below. ***

*** indicates where a confidential portion has been omitted and filed separately with the Commission

(G) For the purposes of this Section:

- (1) "Representative Sample" for Benchmarked Services shall mean ***.
- (2) "Benchmarked Level" shall mean the average total charges attributable to the Benchmarked Services based among those entities comprising the Representative Sample.
- (3) Prior to performing the comparison, the Benchmarking shall meet with the Parties to review and explain its Benchmark methodology, ***. The Benchmarking shall provide a written summary of the Benchmark methodology and shall perform the Benchmark in adherence thereto in all material respects.
- (4) The Benchmarking shall deliver the results of the Benchmark in a written report no later than *** days following its engagement by Dana (the "Benchmark Results") to the designated representatives of the Parties. ***

*** indicates where a confidential portion has been omitted and filed separately with the Commission

(5) *** The report of the Benchmark including the Benchmark Results shall be treated as Confidential Information of each Party.

(6) ***

(7) ***

15.12 Unforeseen Technology Improvements. Service Provider will pass through to Dana reductions in the cost of delivery of the Services resulting from significant changes in technology or extraordinary reductions in the costs of delivering technology services that could not reasonably have been foreseen as of the Effective Date but that occur during the Term and would be generally available to other users of similar technology and services.

15.13 Gainsharing. The parties will cooperate in good faith to establish, within 60 days after the Effective Date, mutually-agreeable terms to identify and equitably share unanticipated cost savings opportunities.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

ARTICLE 16. TAXES

- (A) Service Provider will be responsible for any Service Taxes imposed by any Governmental Authority based on or measured by the cost of acquiring goods or services used by Service Provider in performing the Services. Service Provider will assume any and all responsibility (including the payment of interest and penalty assessments levied by a Governmental Authority) for failure to remit a tax that Service Provider is liable to pay under this subsection.
- (B) Dana will be responsible for any Service Taxes imposed by any Governmental Authority on the provision of the Services as of the Effective Date. If new or higher Service Taxes become applicable to the Services after the Effective Date as a result of either Party moving all or part of its operations to a different jurisdiction (e.g., Dana's opening a new office or Service Provider relocating its performance of the Services to a new service center), the Party initiating such move will be responsible for such new or higher Service Taxes to the extent they are not recoverable by the other Party under applicable tax law. If new or higher Service Taxes become applicable to the Services after the Effective Date for any other reason (e.g., under changes in Law, but not volume changes) the Party otherwise responsible for such Service Taxes as set forth in this Section 16 will be responsible for such new or higher Service Taxes.
- (C) Dana and Service Provider will each be responsible for any franchise, privilege, income, gross receipts or business activity taxes based upon its own gross or net income, net worth or business activities. Neither Party will be responsible for any real or personal property taxes assessed on tangible or intangible property owned or leased by the other Party.
- (D) Dana and Service Provider will each reasonably cooperate with the other to more accurately determine a Party's tax liability and to minimize such liability, to the extent legally permissible. Dana and Service Provider will each provide and make available to the other any resale certificates, information regarding out-of-state sales or use of equipment, materials or services, and any other exemption certificates or information requested by a Party.

ARTICLE 17. AUDITS

17.1 Service Audits. Upon notice from Dana, Service Provider and Service Provider Agents will provide Dana, and any Governmental Authority or other third parties who are not Service Provider Competitors and who are not hired on a contingency fee basis ("Dana Auditors") with access to and any assistance that they may require with respect to the Service Locations and the Service Provider Systems for the purpose of performing audits or inspections of the Services and the business of Dana relating to the Services (excluding other Service Provider customer data and records or Service Provider's cost data or internal cost analysis), including (1) audits and examinations required by Governmental Authorities, (2) audit of Service Provider's compliance with the terms of this Agreement, (3) audit of Service Provider's operational and security-related procedures with respect to

*** indicates where a confidential portion has been omitted and filed separately with the Commission

the Services, (4) confirming that control procedures are suitably designed to provide reasonable assurance that the stated internal control objectives will be achieved if the procedures operate as designed and (5) confirming that those control procedures, in fact, operated effectively and continuously at all times during the audited period. If any audit by an Dana Auditor results in Service Provider being notified that Service Provider or Service Provider Agents are not in compliance with any Law, audit requirement or other requirement set forth in this Agreement, Service Provider will, and will cause Service Provider Agents to, promptly take actions to comply with such Law, audit requirement or other requirement.

17.2 Fees Audits. Upon notice from Dana, Service Provider will provide Dana and Dana Agents with access to such financial records and supporting documentation as may be requested by Dana. Dana and Dana Agents may audit the Fees charged to Dana to determine if such Fees are accurate and in accordance with this Agreement.

(A) If, as a result of such audit, Dana determines that Service Provider has overcharged Dana, Dana will notify Service Provider of the amount of such overcharge and unless Service Provider disputes the amount in accordance with the dispute resolution process set forth in Schedule 4 (Governance), Service Provider will promptly pay to Dana the amount of the overcharge, plus Interest calculated from the date of receipt by Service Provider of the overcharged amount until the date of payment to Dana.

(B) In addition, if any such audit reveals an overcharge to Dana of five percent or more during the period audited and Service Provider does not successfully dispute the amount revealed by such audit in accordance with the dispute resolution process set forth in Schedule 4 (Governance), Service Provider will, at Dana's option, issue to Dana a credit against the Fees, or reimburse Dana, for the actual and reasonable cost of such audit.

17.3 Service Provider Audits.

(A) Service Provider will (1) promptly notify Dana if the results of any independent audit or other report of Service Provider's or any Service Provider Agent's operations relating to the Services, except to the extent that any such report deals with Service Provider's costing structures (in which event information about Service Provider's cost structure will be redacted), indicate (or Service Provider otherwise becomes aware) that any failure by Service Provider to comply with its obligations under this Agreement (i) has impacted or reasonably could impact the maintenance of Dana's financial integrity or internal controls, the accuracy of Dana's financial, accounting or human resource records and reports; or (ii) has had, or reasonably could have, any other material adverse impact on the applicable Services or the impacted business operations of Dana and (2) promptly take corrective action to rectify (a) any error identified in any such report that could reasonably be expected to have an adverse impact on the Services and (b) any control deficiencies identified in the report.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

(B) Service Provider will have performed, and provide to Dana by December 31 of each year a copy of, a SAS 70 Type II audit performed by the Service Provider's independent public accountants on the primary Service Provider facilities utilized by Service Provider for the provision of the Services. *** The SAS 70 Type II audit will be performed in accordance with Statement of Auditing Standards (SAS) 70 "Services Organizations" as amended by SAS 88 "Services Organizations and Reporting on Consistency" and as otherwise consistent with U.S. GAAP and Statements of Auditing Standards on the control procedures used by Service Provider in the performance of the Services. ***

17.4 Record Retention. Service Provider will comply with Dana's record retention policies in effect from time to time during the Term as communicated in writing to Service Provider, and provide Dana access upon request to the records, documents and other information required to meet Dana's audit rights under this Agreement. Dana will notify Service Provider of changes in its record retention policies so that Service Provider can make any necessary changes to the Policies and Procedures Manual in accordance with the Change Control Procedures.

17.5 Facilities. Service Provider will provide to Dana Auditors, on Service Provider's premises (or, if the audit is being performed of a Service Provider Agent, the Service Provider Agent's premises if necessary), space, office furnishings (including lockable cabinets), telephone and facsimile services, utilities and office-related equipment and duplicating services as such Dana Auditors may reasonably require to perform the audits described in this Article.

17.6 General.

- (A) In performing audits, Dana will endeavor to avoid unnecessary disruption of Service Provider's operations and unnecessary interference with Service Provider's ability to perform the Services in accordance with the Service Levels.
- (B) Following any audit, Dana's will conduct (in the case of an internal audit), or request the Dana Auditors to conduct, an exit conference with Service Provider to obtain factual concurrence with issues identified in the review.
- (C) Dana will provide Service Provider with notice at least seventy-two (72) hours prior to any operational or financial audit by Dana or the Dana Auditors; provided that such notice will be waived if waiver is required by Law.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (D) Prior to receiving access to Service Provider Proprietary Information, the Dana Auditors (other than government auditors and examiners) will execute a confidentiality agreement substantially in the form attached hereto as Schedule 13 (Form of Confidentiality Agreement).

ARTICLE 18. RELATIONSHIP MANAGEMENT

- 18.1 Governance Guidelines and Principles. Governance of the Parties' relationship under this Agreement will follow the guidelines and principles set forth in Schedule 4 (Governance), as such guidelines and principles are amended or supplemented by the Parties from time to time during the Term.
- 18.2 Responsibilities. Each of Dana and Service Provider will make management decisions in a timely manner and perform its responsibilities set forth in this Agreement.
- 18.3 Dana Appointments. Dana will appoint:
 - (A) a Dana Relationship Manager to manage the operation of this Agreement, in accordance with its terms, for Dana. Wherever Dana's approval is required under this Agreement, Dana will only give that approval through the Dana Relationship Manager or a duly authorized delegate of the Dana Relationship Manager, except as contemplated by this Article or Schedule 4 (Governance). Service Provider agrees that it will not rely on the apparent or ostensible authority of any other Dana personnel in relation to this Agreement, except as contemplated by this Article or Schedule 4 (Governance); and
 - (B) a Dana Operational Executive to manage day-to-day operations.
- 18.4 Service Provider Appointments. Service Provider will appoint:
 - (A) a Service Provider Relationship Manager to manage the operation of this Agreement, in accordance with its terms, for Service Provider. Wherever Service Provider's approval is required under this Agreement, Service Provider will only give that approval through Service Provider Relationship Manager or a duly authorized delegate of Service Provider Relationship Manager, except as contemplated by this Article or Schedule 4 (Governance). Dana agrees that it will not rely on the apparent or ostensible authority of any other Project Staff in relation to this Agreement, except as contemplated by this Article or Schedule 4 (Governance). Service Provider will ensure that the Service Provider Relationship Manager is the single point of contact for Dana for the purposes of this Agreement, has the authority and will be given the responsibility to perform for Service Provider each of the tasks referred to in Section 18.5 and is a full-time employee of Service Provider; and
 - (B) a Service Provider Operational Executive to manage day-to-day operations.
- 18.5 Role of Relationship Managers. The Relationship Managers (A) will meet at times as set forth in Schedule 4 (Governance) or as otherwise agreed by the Parties, (B) will review

*** indicates where a confidential portion has been omitted and filed separately with the Commission

and discuss reports submitted by Service Provider, proposed changes to the Services or any part of this Agreement, any audit or Benchmarking exercises, the status of individual existing or planned Projects and financial performance, (C) as contemplated by Schedule 4 (Governance), will prepare a monthly executive summary report for Dana and Service Provider reviewing Service Provider's performance of the Services, (D) may raise any issues of concern or interest relating to this Agreement and (E) will work in good faith to resolve any issues of concern in accordance with the procedures as set forth in Schedule 4 (Governance) and, if they are unable to resolve any issue, refer the matter to senior management for resolution in accordance with Section 18.7.

18.6 Senior Executives. At Dana's discretion, the GM, Global HR BTO of Service Provider will meet with Dana's VP, Human Resources to do any of the following:

- (A) formally review this Agreement and discuss high level relationship and performance issues; and
- (B) discuss the achievement of Dana's business objectives and how Service Provider is assisting Dana to achieve those objectives.

18.7 Escalation Procedure for Relationship Issues. The Parties will follow the escalation procedure set forth in Schedule 4 (Governance) to resolve any issues concerning this Agreement.

18.8 Executive Level Meeting.

(A) Dana may convene a meeting, at Dana's offices, with the VP, Global Industrial Sector - BTO of Service Provider upon the occurrence of the following events (an "Executive Level Meeting"):

- (1) the customer satisfaction surveys described in Section 6.10 are below the minimum acceptable level to be set forth in Schedule 5 (Service Levels and Performance Credits); or
- (2) Service Provider fails to meet any single Service Level for any three months out of any rolling six-month period.

(B) Any Executive Level Meeting will take place within 48 hours after notice by Dana to Service Provider that it is invoking this subsection.

18.9 Quarterly Budgeting. Within 90 days after the Effective Date and annually thereafter, Service Provider will assist Dana in developing Dana's annual and quarterly financial objectives and budgets.

18.10 Aligning Project Staff with Dana Objectives. A key performance measurement in determining the incentive compensation for each of the Key Personnel, including the Service Provider Relationship Manager and the Service Provider Operational Executive, will be based upon mutually agreed alignment with, and achievement of, increased Dana

*** indicates where a confidential portion has been omitted and filed separately with the Commission

satisfaction with Service Provider's performance of the Services as such satisfaction will be determined in accordance with Section 6.10.

18.11 Continuity of Services. Service Provider acknowledges that the timely and complete performance of its obligations under this Agreement is critical to the business and operations of Dana. Accordingly, in the event of a dispute between Dana and Service Provider, subject to Dana's compliance with Section 15.8, Service Provider will not interrupt its provision of Services to Dana, refuse to perform any obligations related to termination, disable any Equipment or Software used to provide Services or engage in any act or omission that prevents, impedes or reduces in any way the provision of Services or Dana's ability to conduct its business, unless and until this Agreement expires or is terminated in accordance with its terms or until such action has been authorized by the final and non-appealable judgment of a court of competent jurisdiction.

ARTICLE 19. CONTRACT MANAGEMENT

19.1 Policies and Procedures Manual. No less than 30 days prior to each Transformation Date for each Phased Service Component Service Provider will create and deliver to Dana a draft of the policies and procedures that apply to the Phased Service Component (collectively, the "Policies and Procedures Manual"). The final Policies and Procedure Manual will be delivered no later than 30 days after the Transformation Date. The content of the Policies and Procedures Manual will be as outlined in Schedule 9 (Outline of Policies and Procedures Manual). Service Provider will periodically prepare and provide to Dana updates to such Policies and Procedures Manual to reflect any changes in the procedures described therein as soon as practicable after such changes are made; provided that any changes to the form and scope of the Policies and Procedures Manual will be agreed upon by Dana and Service Provider in accordance with the Change Control Procedures. Service Provider will update the Policies and Procedures Manual to address changes required by the addition of New Services.

19.2 Change Control Procedures. The Parties will comply with the Change Control Procedures set forth in Schedule 4 (Governance). Any change in the manner in which Services are provided will be subject to the Change Control Procedures.

ARTICLE 20. PROPRIETARY RIGHTS

20.1 Dana Software and Dana Tools.

- (A) As between the Parties, Dana is the exclusive owner of the Dana Proprietary Software and the Dana Proprietary Tools and Service Provider will have no rights or interests in the Dana Proprietary Software or the Dana Proprietary Tools except as set forth in this Agreement.
- (B) Dana hereby grants to Service Provider, during the Term and the Termination Assistance Period and solely to provide the Services, a non-exclusive, non-transferable, limited right to have access to and (1) Use (and as required to provide the Services, to maintain, modify, enhance or create derivative works of) the Dana Proprietary Software and the Dana Proprietary Tools, (2) Use (and as

*** indicates where a confidential portion has been omitted and filed separately with the Commission

required to provide the Services, to maintain, modify, enhance or create derivative works of) the Dana Third Party Software and the Dana Third Party Tools, to the extent permissible under the applicable third-party agreements, and (3) Use (and as required to provide the Services, to maintain, modify, enhance or create derivative works of) any Related Documentation in Dana's possession on or after the Commencement Date, to the extent permissible under the applicable third-party agreements. Schedule 16 (Software and Tools) sets forth the Dana Software and the Dana Tools that Service Provider will use to provide the Services as of the Commencement Date. Service Provider may sublicense, to the extent permissible under the applicable third-party agreements, to Service Provider Agents the right to have access to and Use (and as required to provide the Services, to maintain, modify, enhance or create derivative works of) the Dana Software and the Dana Tools solely to provide those Services that such Service Provider Agents are responsible for providing.

20.2 Service Provider Software and Tools.

- (A) As between the Parties, Service Provider is the exclusive owner of the Service Provider Proprietary Software and the Service Provider Proprietary Tools and the Dana Group will have no rights or interests in the Service Provider Proprietary Software or the Service Provider Proprietary Tools except as set forth in this Agreement. Schedule 16 (Software and Tools) sets forth the Service Provider Software and Service Provider Tools that Service Provider anticipates Service Provider will use to provide the Services as of the Effective Date.
- (B) During the Term and during the Termination Assistance Period, Service Provider will provide the Dana Group with such access to the Service Provider Software and the Service Provider Tools as necessary or appropriate to enable the Dana Group Companies to receive the benefit of the Services.
- (C) Service Provider will grant to the Dana Group Companies, effective upon the End Date, to the extent necessary for Dana to achieve continuity of Service delivery:
 - (1) a global, perpetual, non-exclusive, non-transferable (except to Affiliates of Dana or under a Restructure or Change in Control of Dana) license to Use, and sublicense, and to permit a third party to Use solely in connection with providing services to the Dana Group, the commercially available Service Provider Proprietary Software and Service Provider Proprietary Tools, on Service Provider's customary terms but without payment of any one-time licensing fees; and
 - (2) a global, perpetual, non-exclusive, non-transferable (except to Affiliates of Dana or under a Restructure or Change in Control of Dana), fully paid-up license to Use, solely in connection with providing services to the Dana Group, Service Provider Proprietary Software and Service Provider Proprietary Tools that are not commercially available, on an AS-IS basis.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (D) Service Provider will grant to the Dana Group Companies, effective upon the End Date, to the extent necessary for Dana to achieve continuity of Service delivery, a perpetual, non-exclusive license for Dana and its designees to Use the Service Provider Third Party Software and Service Provider Third Party Tools then being used to provide Services at no additional charge to Dana (other than the recurring license or maintenance fees then being paid to the supplier of such Software or Tools by Service Provider). The license set forth in this subsection (D) will not apply to any Service Provider Third Party Software or Service Provider Third Party Tools to the extent Dana has consented under subsection (E) below to the use of such Software and Tools in providing Services after notice from Service Provider that Service Provider cannot procure sufficient rights from the supplier to grant the foregoing license.
- (E) Before employing any third-party products in providing the Services, other than the Service Provider Third Party Software and Service Provider Third Party Tools identified in Schedule 16 (Software and Tools), Service Provider will to the extent necessary for Dana to achieve continuity of Service delivery (1) obtain sufficient rights from the supplier to grant the licenses set forth in subsection (D) above; and (2) verify that Dana and its designees, for the purpose of providing services to Dana, have the right to purchase ongoing maintenance and support for such products on commercially reasonable terms. To the extent that Service Provider is unable to obtain such rights, Service Provider will only introduce such third-party products for use in providing the Services with Dana's prior written consent as to the specific product to be introduced.

20.3 Work Product. Work Product will be owned by Dana. Dana will have all right, title and interest, including worldwide ownership of copyrights, in and to the Work Product and all copies made from them. Service Provider hereby irrevocably assigns, transfers and conveys, and will cause Service Provider Agents to assign, transfer and convey, to Dana without further consideration all of its and their right, title and interest in and to such Work Product, including all rights of copyright, in and to such materials. Service Provider acknowledges, and will cause Service Provider Agents to acknowledge, that Dana and the successors and permitted assigns of Dana may obtain and hold in their own name any intellectual property rights in and to such Work Product. Service Provider agrees to execute, and will cause Service Provider Agents to execute, any documents or take any other actions as may reasonably be necessary, or as Dana may reasonably request, to perfect Dana's ownership of any such Work Product. In the case of Work Product constituting Software, Service Provider will deliver to Dana a complete copy of the Software source code. With respect to each disclosure, Service Provider will indicate any features or concepts that it believes to be new or different. Service Provider retains a global, perpetual, irrevocable and non-exclusive license to Use, modify and create derivative works of Code Fragments contained in a Work Product. A "Code Fragment" means a sub-routine or immaterial portion of its source code (determined in relation to the functionality of the Work Product as a whole). Service Provider will not combine Code Fragments to create a product functionally equivalent to the Work Product containing such Code Fragments.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

20.4 Interface Information. During the Term of this Agreement, Service Provider will provide Dana with appropriate interface information to enable Dana to develop or replace any Software used to provide the Services that is not commercially available. After the termination or expiration of this Agreement, Service Provider will provide Dana with appropriate interface information available from Service Provider to enable Dana to develop or replace any Service Provider Software if necessary for Dana to exercise any of the rights granted to it under this Agreement.

20.5 Residual Information. Nothing contained in this Agreement will restrict either Party from using Residual Information; provided that the use does not (1) infringe or misappropriate any patents or copyrights of the other Party or any third parties, (2) disclose any Confidential Information that identifies or may be used to identify the other Party to any third parties or (3) ***.

ARTICLE 21. DATA

21.1 Ownership of Dana Data. All Dana Data is, or will be, and will remain the property of Dana. Without Dana's approval (in its sole discretion), Dana Data will not be (A) used by Service Provider or Service Provider Agents other than in connection with providing the Services, (B) disclosed, sold, assigned, leased or otherwise provided to third parties by Service Provider or Service Provider Agents or (C) commercially exploited by or on behalf of Service Provider or Service Provider Agents. Service Provider hereby irrevocably assigns, transfers and conveys, and will cause Service Provider Agents to assign, transfer and convey, to Dana without further consideration all of its and their right, title and interest in and to Dana Data. Upon request by Dana, Service Provider will execute and deliver, and will cause Service Provider Agents to execute and deliver, any documents that may be necessary or desirable under any Law to preserve, or enable Dana to enforce, its rights with respect to Dana Data.

21.2 Return of Data. Upon request by Dana at any time during the Term and upon expiration or termination of this Agreement, Service Provider will (A) promptly return to Dana, in the format and on the media reasonably requested by Dana, all or any part of Dana Data and (B) erase or destroy all or any part of Dana Data in Service Provider's possession, in each case to the extent so requested by Dana and as permitted by applicable Law.

ARTICLE 22. CONFIDENTIALITY

22.1 Use and Disclosure. All Confidential Information relating to a Party will be held in confidence by the other Party to the same extent and with at least the same degree of care as such Party protects its own confidential or proprietary information of like kind and import, but in no event using less than a reasonable degree of care or that which is required by law. Neither Party will disclose, duplicate, publish, release, transfer or otherwise make available Confidential Information of the other Party in any form to, or for the use or benefit of, any person or entity without the other Party's consent. Each

*** indicates where a confidential portion has been omitted and filed separately with the Commission

Party will, however, be permitted to disclose relevant aspects of the other Party's Confidential Information to its officers, agents, subcontractors and employees to the extent that such disclosure is reasonably necessary for the performance of its duties and obligations or the exercise of its rights under this Agreement and such disclosure is not prohibited by applicable Law. Each Party will establish commercially reasonable controls to ensure that Confidential Information is not disclosed contrary to the provisions of this Agreement or any applicable Laws. To the extent that any duties and responsibilities under this Agreement are delegated to an Agent, the delegating Party will ensure that such Agent adheres to the requirements of this Section.

22.2 Required Disclosure. If either Party or an agent of either Party is requested or required by any Governmental Authority, whether by oral question, interrogatories, requests for information or documents, subpoenas, civil investigation or similar process, to disclose any of the Confidential Information of the other Party, such Party will, to the extent permitted, provide the other Party with prompt notice of such requests so that the other Party may seek an appropriate protective order or similar relief or, if appropriate, waive compliance with the provisions of this Article. Such Party will use all commercially reasonable efforts to obtain, or assist the other Party in obtaining, such a protective order or relief.

22.3 Unauthorized Acts. Without limiting either Party's rights as to a breach of this Article, each Party will:

- (A) promptly notify the other Party of any unauthorized possession, use or knowledge, or attempt thereof, of the other Party's Confidential Information by any person or entity that may become known to such Party;
- (B) promptly furnish to the other Party full details of the unauthorized possession, use or knowledge, or attempt thereof, and assist the other Party in investigating or preventing the recurrence of any unauthorized possession, use or knowledge, or attempt thereof, of Confidential Information;
- (C) cooperate with the other Party in any litigation and investigation against third parties deemed necessary by the other Party to protect its proprietary rights to the extent such litigation or investigation relates to the Services; and
- (D) promptly use its best efforts to prevent a recurrence of any such unauthorized possession, use or knowledge, or attempt thereof, of Confidential Information.

Each Party will bear the cost it incurs as a result of compliance with this Section.

22.4 Return of Confidential Information. Upon request at expiration or termination of this Agreement, each Party will (A) promptly return to the other Party all of the Confidential Information of the other Party and (B) erase or destroy all of the Confidential Information of the other Party in its possession, except, with respect to Dana, such Confidential Information of Service Provider contained in the Service Provider Software or the Service Provider Tools licensed to the Dana Group Companies after such expiration or termination.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

22.5 Business Associate Agreement. Service Provider may be considered a "Business Associate" of Dana as defined in the HIPAA privacy and security standards. The Parties agree to execute the business associate agreement attached as Schedule 17 (Business Associate Agreement) on or before the Effective Date, to apply to the extent Service Provider is a Business Associate. The Parties further agree to revise the business associate agreement from time to time to reflect changes necessary (as reasonably determined by Dana) to maintain compliance with applicable HIPAA privacy and security requirements.

22.6 Data Protection Laws.

- (A) Dana retains sole authority for determining and approving the purposes of Service Provider's processing of Dana Data, and Dana is responsible for obtaining all necessary consents in order to transfer data to, and to have such data processed by, Service Provider and Service Provider Agents for processing by them in accordance with this Agreement. It is the intention of the Parties that Dana and the applicable Dana Affiliates are the data controllers, and Service Provider and the Service Provider Agents are the data processors.
- (B) Service Provider and each Service Provider Agent shall comply with the following obligations in respect of any Dana Data transferred to Service Provider or the Service Provider Agent under this Agreement:
 - (1) Service Provider or the Service Provider Agent shall process Dana Data only for the purpose of providing the Services.
 - (2) Service Provider and each Service Provider Agent shall:
 - (a) to the extent required of Service Provider or Service Provider Agent under applicable data protection Laws, maintain at all times a valid, up to date notification/registration covering all of processing of personal data contained in the Dana Data;
 - (b) take the agreed-upon operational and technical security measures, as approved by Dana, to ensure that the Dana Data is secure from unauthorized access or disclosure and take all other operational and technical security measures required of Service Provider or Service Provider Agent by applicable Law;
 - (c) not transfer to nor direct any person to process any Dana Data without the specific prior written approval of Dana;
 - (d) ensure that the Dana Data is only accessible to employees of Service Provider and Service Provider Agent employees (and authorized subcontractors), who reasonably need such access for the purpose of providing the Services;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (e) ensure that Dana Data received from Dana or a Dana Affiliate in the European Economic Area is only processed in accordance with the Policies and Procedures Manual, including any geographical restrictions on the processing of such Data;
- (f) inform Dana immediately if Service Provider or a Service Provider Agent receives any inquiry from any governmental official charged with the enforcement of data protection Laws relating to the provision of the Services; and
- (g) timely provide to Dana reasonable support in responding to any request for information from a data subject in accordance with the requirements of applicable data protection Laws and, to the extent required under applicable Law, Service Provider and Service Provider Agent will timely respond to any such request.

As used in this Section 22.6, the terms "process", "data controller", "data processor" and "data subject" shall have the meanings given to them in the 1995 EU Privacy Directive. The Parties will enter into data protection agreements to the extent necessary to comply with applicable Laws.

ARTICLE 23. REPRESENTATIONS AND WARRANTIES

23.1 By Dana. Dana represents and warrants that as of the Effective Date:

- (A) it is a corporation duly incorporated, validly existing and in good standing under the Laws of the Commonwealth of Virginia;
- (B) Dana has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement;
- (C) the execution, delivery and performance of this Agreement by Dana (1) has been duly authorized by Dana and (2) will not conflict with, result in a breach of or constitute a default under any other agreement to which Dana is a party or by which Dana is bound;
- (D) Dana is duly licensed, authorized or qualified to do business and is in good standing in every jurisdiction in which a license, authorization or qualification is required for the ownership or leasing of its assets or the transaction of business of the character transacted by it, except where the failure to be so licensed, authorized or qualified would not have a material adverse effect on Dana's ability to fulfill its obligations under this Agreement;
- (E) Dana is in compliance with all Laws applicable to Dana, and has obtained all applicable permits and licenses required of Dana, in connection with its obligations under this Agreement; and

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (F) there is no outstanding litigation, arbitrated matter or other dispute to which Dana is a party that, if decided unfavorably to Dana, would reasonably be expected to have a material adverse effect on Service Provider's or Dana's ability to fulfill their respective obligations under this Agreement.

23.2 By Service Provider. Service Provider represents and warrants that as of the Effective Date:

- (A) Service Provider is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of New York;
- (B) Service Provider has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement;
- (C) the execution, delivery and performance of this Agreement by Service Provider (1) has been duly authorized by Service Provider and (2) will not conflict with, result in a breach of or constitute a default under any other agreement to which Service Provider is a party or by which Service Provider is bound;
- (D) Service Provider is duly licensed, authorized or qualified to do business and is in good standing in every jurisdiction in which a license, authorization or qualification is required for the ownership or leasing of its assets or the transaction of business of the character transacted by it, except where the failure to be so licensed, authorized or qualified would not have a material adverse effect on Service Provider's ability to fulfill its obligations under this Agreement;
- (E) Service Provider is in compliance with all Laws applicable to Service Provider, and has obtained all applicable permits and licenses required of Service Provider, in connection with its obligations under this Agreement;
- (F) the Service Provider Proprietary Software, the Service Provider Proprietary Tools and the Service Provider Equipment do not infringe upon or misappropriate the proprietary rights of any third party;
- (G) there is no claim or proceeding pending or, to Service Provider's knowledge, threatened alleging that any of the Service Provider Proprietary Software, the Service Provider Proprietary Tools or the Service Provider Equipment infringes or misappropriates the proprietary rights of any third party which would reasonably be expected to have a material adverse effect on Service Provider's ability to fulfill its obligations under this Agreement;
- (H) to Service Provider's knowledge, there is no claim or proceeding pending or threatened alleging that any of the Service Provider Third Party Software or the Service Provider Third Party Tools identified in Schedule 16 (Software and Tools) infringes or misappropriates the proprietary rights of any third party which would reasonably be expected to have a material adverse effect on Service Provider's ability to fulfill its obligations under this Agreement;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (I) there is no outstanding litigation, arbitrated matter or other dispute to which Service Provider is a party that, if decided unfavorably to Service Provider, would reasonably be expected to have a material adverse effect on Dana's or Service Provider's ability to fulfill their respective obligations under this Agreement;
- (J) there is no code in the Service Provider Proprietary Software or the Service Provider Proprietary Tools that would have the effect of disabling or otherwise shutting down all or any portion of the Services or any such Software or Tools;
- (K) to Service Provider's knowledge, there is no code in the Service Provider Third Party Software or the Service Provider Third Party Tools that would have the effect of disabling or otherwise shutting down all or any portion of the Services or any such Software or Tools;
- (L) each Deliverable provided under this Agreement (including Work Product) will be free from material errors in operation and performance, comply with applicable documentation and specifications in all material respects and provide the functions and features, and operate in the manner, described in the Schedule, Work Order or other document applicable to such Deliverable for 12 months after installation, testing and acceptance, or such other period as may be specified in the Schedule, Work Order or other document applicable to such Deliverable;
- (M) the Services and any Deliverables provided by Service Provider under this Agreement are and will be capable of supporting the Euro as a main or additional currency; and
- (N) Service Provider has not violated any applicable Law, or any Dana policies of which Service Provider has been given notice, regarding the offering of unlawful inducements in connection with this Agreement.

23.3 DISCLAIMER. EXCEPT AS SPECIFIED IN SECTION 23.1 or SECTION 23.2, NEITHER DANA NOR SERVICE PROVIDER MAKES ANY OTHER WARRANTIES AND EACH EXPLICITLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE 24. ADDITIONAL COVENANTS

24.1 By Dana. Dana covenants and agrees with Service Provider that during the Term and the Termination Assistance Period:

- (A) Dana will comply with all Laws applicable to its performance of the responsibilities set forth in Schedule 8 (Dana Operational Responsibilities and Resources) and otherwise to Dana in connection with its obligations under this Agreement.
- (B) Except as otherwise provided in this Agreement, Dana will obtain all applicable permits and licenses, including the Dana Governmental Approvals and the Dana

*** indicates where a confidential portion has been omitted and filed separately with the Commission

Consents, required of Dana in connection with its obligations under this Agreement.

24.2 By Service Provider. Service Provider covenants and agrees with Dana that during the Term and the Termination Assistance Period:

- (A) Service Provider will comply with all Laws applicable to its provision of the Services and otherwise to Service Provider in connection with its obligations under this Agreement; provided that Service Provider will not be liable under this subsection (A):
 - (1) for a violation of Law during the Transformation Period, caused by Service Provider's performing any Service in the same manner in which the Service was performed by Dana before the Commencement Date for the applicable Phased Service Component, unless another manner of performing the Service is specified in Schedule 2 (Statement of Work) or expressly requested by Dana (but Service Provider will promptly notify Dana of any such non-compliance identified by Service Provider and Service Provider will take affirmative steps, in accordance with the terms of this Agreement, to remedy such non-compliance on an expedited basis);
 - (2) for a violation of Law caused by Service Provider's complying with any Dana Compliance Directive; or
 - (3) for a violation of Law by Dana in performing its retained responsibilities of Schedule 2 (Statement of Work) or violation of Laws by Dana in the operation of Dana's business.

For purposes of this subsection (A), "Dana Compliance Directive" means written instructions to Service Provider regarding compliance with any Law, and any changes to the Services required to maintain or achieve such compliance. Dana may issue Dana Compliance Directives from time to time on its own initiative and, in any event, will issue a Dana Compliance Directive within 30 days after receiving Service Provider's written request for a Dana Compliance Directive as to how one or more specific responsibilities, tasks, procedures or processes should be carried out or modified in order to comply with applicable Law. In such request, Service Provider shall include a reasonable level of detail regarding available alternatives and Service Provider's recommended course of action and reasons therefor.

- (B) If any change in Law prevents Service Provider from performing its obligations under this Agreement, Service Provider will develop and, upon Dana's approval, implement a suitable workaround until such time as Service Provider can implement appropriate changes to the Services or otherwise perform its obligations under this Agreement without such workaround. Service Provider will implement any workarounds or changes to the Services required by a change in Law at no additional charge to Dana, if the workaround or change (1) is required

*** indicates where a confidential portion has been omitted and filed separately with the Commission

as a consequence of the outsourced nature of the Services, and is generally applicable to Service Provider's other customers, (2) would result in no net cost to Service Provider due to cost savings from implementing the change or (3) can be implemented using the resources then being used to provide the Services without adversely affecting its ability to provide the Services and meet the Service Levels. If the workaround or change will require the payment of additional Fees, then Dana may terminate the affected portion of the Services without observing the cure period otherwise required by Section 25.4 and the Parties will negotiate and implement an equitable reduction in the Fees.

- (C) Service Provider will obtain all applicable permits and licenses, including the Service Provider Governmental Approvals and the Service Provider Consents, required of Service Provider in connection with its obligations under this Agreement.
- (D) Without limiting any other Service Provider obligations, in providing the Services Service Provider will comply at all times with all applicable terms and conditions of Dana's collective bargaining agreements and other agreements affecting Dana's labor relations as they are communicated in writing to Service Provider to the extent that Service Provider received such communication prior to implementing the Services.
- (E) If any Deliverable fails to perform in accordance with the warranties set forth in this Agreement, a Work Order, a New Service Schedule or other applicable document, Service Provider will correct any non-conformance of a Deliverable (and redeliver such corrected Deliverable) as soon as possible using appropriate resources which will not be charged to Dana and with no material adverse impact on the performance of other Services.
- (F) Service Provider (1) will not intentionally code or introduce any virus or similar items into the Dana Software, the Retained Systems, the Work Product or the Service Provider Systems and (2) will use commercially reasonable efforts to screen the Dana Software, the Work Product and the Service Provider Systems for the purpose of avoiding the coding or introduction of any virus or similar items into the Dana Software, the Work Product and the Service Provider Systems. If a virus or similar item is found to have been introduced into the Dana Software, the Retained Systems, the Work Product or the Service Provider Systems, Service Provider will assist Dana in reducing the effects of the virus or similar item and, if the virus or similar item causes a loss of operational efficiency or loss of data or creates a security risk, will assist Dana to the same extent to mitigate and restore such losses and mitigate such risk.
- (G) Without the consent of Dana, Service Provider will not insert into (1) the Dana Software or the Retained Systems, (2) the Work Product, (3) the Service Provider Software or the Service Provider Tools that Dana has the right to access or Use or (4) the Software or Tools used to provide the Services any code that would have

*** indicates where a confidential portion has been omitted and filed separately with the Commission

the effect of disabling or otherwise shutting down all or any portion of the Services, any such Software or Tools or the Retained Systems.

- (H) With respect to any disabling code that may be part of (a) the Service Provider Software or the Service Provider Tools that Dana has the right to access or Use or (b) the Software or Tools used to provide the Services, Service Provider will not invoke such disabling code at any time during the Term or the Termination Assistance Period without Dana's consent.
- (I) Service Provider will maintain Equipment and Software used to provide the Services so that they operate in accordance with their specifications, including (1) maintaining Equipment in good operating condition, subject to normal wear and tear, (2) undertaking repairs and preventive maintenance on Equipment in accordance with the applicable Equipment manufacturer's recommendations and (3) performing Software maintenance in accordance with the applicable Software vendor's documentation and recommendations.
- (J) Service Provider will perform the Services and develop the Deliverables with promptness, diligence and in a workmanlike manner, in accordance with the practices and professional standards used in well-managed operations providing services similar to the Services.
- (K) Service Provider will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the Services.

24.3 Changes in Laws. Each Party will use reasonable efforts to promptly advise the other Party of any changes in Laws of which such Party becomes aware that affect the performance and/or receipt of Services under this Agreement. This Section 24.3 does not impose on either Party an affirmative obligation of inquiry or relieve either Party of its obligations hereunder.

ARTICLE 25. TERMINATION

- 25.1 Termination for Convenience. Effective as of any time after the Effective Date, Dana may terminate this Agreement for convenience by giving Service Provider at least *** days' notice of such termination, provided that prior to the first Commencement Date, only *** day's notice of termination need be given.
- 25.2 Termination for Change in Control of Dana. In the event of a Change in Control of Dana, Dana may, by giving Service Provider at least *** days' notice of such termination, terminate this Agreement in its sole discretion, provided that such notice must be given within *** days after the Change in Control occurs.
- 25.3 Termination for Change in Control of Service Provider. In the event of a Change in Control of Service Provider, Dana may, by giving Service Provider at least *** days' notice of such termination, terminate this Agreement in its sole discretion if Dana reasonably believes the new ownership would negatively impact Dana's reputation in the

*** indicates where a confidential portion has been omitted and filed separately with the Commission

marketplace or the Change in Control involves a Dana Competitor, provided that such notice must be given within *** days after the Change in Control occurs.

- 25.4 Termination by Dana for Cause. If Service Provider (1) materially breaches any of its material duties or obligations under this Agreement and fails to cure such breach within the Default Cure Period, (2) materially breaches any of its material duties or obligations under this Agreement and the breach is not reasonably susceptible to cure within the Default Cure Period or (3) commits numerous breaches of its duties or obligations under this Agreement that in the aggregate are material, then Dana may, by giving notice to Service Provider, terminate this entire Agreement or the Services affected by the breach effective as of the termination date specified in the notice of termination. If Dana terminates only the Services affected by the breach under this Section 25.4, the Fees will be equitably adjusted to reflect those Services that are not terminated.
- 25.5 Termination for Failure to Complete Transformation. If (i) Service Provider has not successfully completed the Transformation of the first two Phased Service Components by ***, or (ii) Service Provider has not successfully completed the Transformation of all of the Phased Service Components by ***, then Dana may, by giving notice to Service Provider, terminate, as of the termination date specified in the notice of termination, this Agreement or, at Dana's option, the uncompleted Phased Service Components.
- 25.6 Service Level Termination Event. If Service Provider falls below *** of the Minimum Service Level as defined in Schedule 5 (Service Levels and Performance Credits) for ***, then Dana may, by giving notice to Service Provider, terminate this Agreement as of the termination date specified in the notice of termination.
- 25.7 Termination for Failure to Provide Adequate Assurance of Due Performance. Dana may terminate this Agreement by giving *** days' notice to Service Provider if Dana has reasonable grounds to determine that Service Provider may fail to perform its material obligations under this Agreement and Service Provider cannot provide Dana with adequate assurance as to Service Provider's ability to perform its obligations under this Agreement consistently and in a sustained manner within such *** day period.
- 25.8 Termination by Service Provider for Cause. Service Provider may terminate this Agreement, effective as of a date specified in a written notice of termination, if and only if Dana breaches its duty to pay undisputed Fees, or to escrow any disputed Fees as required by Section 15.8, and fails to cure the breach within *** days following its receipt of Service Provider's notice of termination.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

25.9 Termination for Insolvency Event. Either Party may, by giving notice to the other Party, terminate this Agreement upon the occurrence of an Insolvency Event affecting the other Party.

25.10 Termination for Failure to Maintain Adequate Controls. Without limiting Dana's termination rights under Section 25.4, in the event Service Provider fails to provide annually a current unqualified Type II report as required in Section 17.3(B), ***.

25.11 Other Terminations. In addition to the provisions of this Article, this Agreement or the applicable portions of the Services under this Agreement may be terminated as provided in Section 13.3, Section 15.11 and subsection (B) of Section 24.2.

ARTICLE 26. TERMINATION FEES

26.1 Termination Fees. If Dana terminates this Agreement, Service Provider will be entitled to such fee ("Termination Fee") as determined in accordance with Schedule 6 (Fees). Except for the Termination Fee or as set forth in Schedule 6 (Fees), no fee or other compensation will be payable by Dana in connection with any expiration or termination of this Agreement (in its entirety or as to selected Services), any change in Service volumes under Section 3.3 or any insourcing or resourcing of Services under Section 3.5.

ARTICLE 27. TERMINATION ASSISTANCE

27.1 Termination Assistance Services.

(A) No less than 30 days prior to each Transformation Milestone, Service Provider will provide to Dana for its approval a draft plan for the disengagement and transfer of that Transformation Milestone upon the expiration, termination, insourcing or resourcing of such Services (including any terminations resulting from the Dana's divestiture of an entity, business unit or assets), (collectively, the "Disengagement Plan"). Once approved, the document will be the Disengagement Plan for such Services. The Disengagement Plan will, as reasonably foreseeable:

- (1) specify Key Personnel and other resources that will be used to perform Termination Assistance Services;
- (2) provide an estimate of incremental Fees for the additional resources required to provide the Termination Assistance Services;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (3) specify substantially all activities necessary to carry out the Termination Assistance Services as efficiently as reasonably possible;
 - (4) specify such training and documentation reasonably required for Dana to understand and operate the Software and Tools used by Service Provider to provide the Services, including (a) configuration data for such Software and Tools and (b) scripts and customizations of such Software and Tools; and
 - (5) set out a timetable and process for effecting Termination Assistance Services that will enable Dana to have completed disengagement as quickly as reasonably possible without materially disrupting the quality of the Services and without limiting Service Provider's obligation to meet the Service Levels during the Termination Assistance Period.
- (B) Service Provider will keep the Disengagement Plan up to date during the Term by updating the Disengagement Plan, from time to time, as necessary to take into account changes to the Services and New Services and submitting such updates to Dana for approval. Upon approval such updates will be incorporated into the Disengagement Plan.
- (C) Upon the expiration or termination of this Agreement or Service Provider ceasing to provide the Services for any reason, or the insourcing or resourcing of Services under this Agreement, Service Provider will provide the Termination Assistance Services in accordance with the Disengagement Plan. Termination Assistance Services constituting the continuance of existing Services that do not specifically relate to such expiration, termination, insourcing or resourcing will be performed during the Termination Assistance Period at the same rates as during the Term. Termination Assistance Services that relate specifically to the expiration, termination, insourcing or resourcing, and that cannot be provided by Key Personnel or other existing resources without unreasonably risking, in Dana's opinion, adverse impact to Service Provider's ability to provide the Services, will be provided at the applicable rates set forth therefor in Schedule 6 (Fees) or, if the applicable rates are not set forth in Schedule 6 (Fees), at Service Provider's rates in effect for such services immediately before the expiration, termination, insourcing or resourcing. Dana's determination to accept risks of adverse impact will relieve Service Provider from any consequences of such adverse impact.
- (D) The quality and level of performance of the applicable Services during the Termination Assistance Period will not be degraded as compared to the quality and level of performance of such Services before such Termination Assistance Period. Without limiting the foregoing, during the Termination Assistance Period, Service Provider will (1) provide to Dana and potential successors designated by Dana such information as Dana may reasonably request relating to the number and respective functions of the members of the Project Staff performing Services, (2) not make any material changes to the level of Service and (3) not reassign Service Provider's employees or contractors away from performance of functions

*** indicates where a confidential portion has been omitted and filed separately with the Commission

under this Agreement (until Dana has had an opportunity to meet with and attempt to hire such personnel as described in Section 27.3 and except to the extent otherwise mutually agreed by the Parties in order to mitigate Termination Fees).

- (E) After the expiration of the Termination Assistance Period, Service Provider will (1) answer questions from Dana regarding the terminated, insourced or resourced Services on an "as needed" basis at Service Provider's then-standard billing rates and (2) deliver to Dana any remaining Dana-owned reports and documentation relating to the terminated, insourced or resourced services still in Service Provider's possession.

27.2 Exit Rights. Upon the later of (A) the expiration or termination of this Agreement and (B) the last day of any Termination Assistance Period (the "End Date"):

- (A) The rights granted to Service Provider and Service Provider Agents in Section 20.1 will immediately terminate and Service Provider will, and, to the extent Dana does not possess a current copy of the Dana Software, will cause Service Provider Agents to (1) deliver to Dana, at no cost to Dana, a current copy of the Dana Software in the form in use as of the End Date and (ii) destroy or erase all other copies of the Dana Software in Service Provider's or Service Provider Agents' possession. Service Provider will, upon Dana's request, certify to Dana that all such copies have been destroyed or erased.
- (B) Upon Dana's request, Service Provider will sell to Dana or its designee, free and clear of all liens, security interests or other encumbrances, at the then current fair market value any Equipment owned by Service Provider and being used by Service Provider or Service Provider Agents primarily to perform the Services as of the End Date.
- (C) Service Provider will, and will cause Service Provider Agents to, deliver to Dana a copy of all Work Product, in the form in use as of the End Date.
- (D) Upon Dana's request, Service Provider will, and will cause Service Provider Agents to, transfer or assign to Dana or its designee, on terms and conditions acceptable to all applicable parties, any agreements with third parties for the leasing of Equipment, licensing of Software, maintenance services, disaster recovery services or other third-party products or services, being used by Service Provider or Service Provider Agents primarily to provide the Services as of the End Date (including any Assigned Agreements), and Dana will assume the ongoing obligations under such agreements that relate to periods after the End Date.
- (E) As to Service Provider Software and Service Provider Tools to be licensed to Dana as provided in subsections (C) and (D) of Section 20.2, Service Provider will deliver to Dana a copy of the Service Provider Software and Service Provider Tools, in the form in use as of the End Date.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

27.3 Right to Hire Project Staff.

- (A) Upon the delivery of a notice of intent to terminate or not renew this Agreement, or upon an insourcing of part of the Services, as to the then current members of the Project Staff providing the affected Services under this Agreement (each an "Affected Project Staff Member"), Service Provider will, to the extent not prohibited by applicable Law, (1) provide Dana with the name of each Affected Project Staff Member and a description of job responsibilities, (2) provide Dana and its designees, at their option, reasonable access, in a manner agreed upon by the Parties to minimize any interference with Service Provider's ability to provide the Services and conduct its business, to such Affected Project Staff Members and (3) allow Dana to meet with, solicit and hire, in a manner agreed upon by the Parties to minimize any interference with Service Provider's ability to conduct its business, such Affected Project Staff Members as of the End Date.
- (B) Service Provider will waive any restrictions that may prevent any Affected Project Staff Member from being hired by Dana or its designees under this Section.

27.4 Termination Assistance upon Change in Services Volumes or Insourcing or Resourcing. If there is (1) a change in Service volumes under Section 3.3, (2) an insourcing or resourcing under Section 3.5, (3) any termination of Services under this Agreement under subsection (D) of Section 6.7, (4) any termination of Services under this Agreement under Section 13.3 or (5) any termination of Services under this Agreement under subsection (B) of Section 24.2, then Section 27.2 and Section 27.3 will apply only in relation to those resources and other items referred to in Section 27.2 ("Affected Resources"), and those Affected Project Staff Members, that are associated with the Services to be changed, insourced, resourced or terminated. As soon as practicable after Dana exercises any such right, Service Provider will notify Dana if any such Affected Resources, or any such Affected Project Staff Members, are necessary for the provision of the remaining Services and cannot be duplicated; whereupon Dana and Service Provider will agree upon an appropriate allocation of such Affected Resources and Affected Project Staff Members.

27.5 Injunctive Relief. Without limiting the foregoing, Service Provider acknowledges and agrees that Dana may be irreparably harmed if Service Provider were to fail or threaten not to provide Dana with Termination Assistance Services, and that Dana may proceed directly to court in any such case without observing any cure period otherwise applicable under this Agreement.

ARTICLE 28. INDEMNITIES

28.1 Indemnities by Dana. Dana will indemnify Service Provider and its Affiliates against, and defend and hold Service Provider and its Affiliates harmless from and against, any Losses suffered, incurred or sustained by Service Provider or its Affiliates or to which Service Provider or its Affiliates becomes subject, resulting from, arising out of or relating to any third party claim:

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (A) that the Dana Software or Dana Tools infringe upon or misappropriate the proprietary or other rights of any third party; provided that Dana will not have any indemnity obligation under this subsection (A) to the extent any infringement or misappropriation relates to:
 - (1) any item of Dana Third Party Software or Dana Third Party Tool that, with Service Provider's specific prior written consent, is excluded from indemnification under this subsection (A);
 - (2) modifications made or authorized by Service Provider or a Service Provider Agent, without the approval of Dana;
 - (3) Service Provider's use of the Dana Software or Dana Tools in combination with products or services not furnished or approved by Dana and not contemplated by this Agreement;
 - (4) a breach of the Dana Consents by Service Provider; or
 - (5) the failure of Service Provider to use corrections or modifications provided by Dana on a timely basis.;
- (B) based on the violation of a Law for the protection of persons or members of a protected class or category of persons by Dana or Dana Agents, including unlawful discrimination;
- (C) relating to personal injury, bodily injury, death or property loss or damage caused by the acts or omissions of Dana or Dana Agents (and Dana hereby waives, as to the defense of Service Provider, any immunity defense it may have to such claim under Laws related to workers' compensation or employee injuries);
- (D) any employment actions resulting from misrepresentations, oral or written, made by Dana or Dana Agents to Affected Employees or other Dana employees that were not authorized by Service Provider;
- (E) any action taken by Dana with respect to the Affected Employees, including any claims arising from Dana's decisions, acts or omissions relating to screening, interviewing, hiring, assignment, evaluation, compensation, termination and/or transfer;
- (F) relating to any amounts, including taxes, interest and penalties, assessed against Service Provider that are the obligation of Dana under Article 16;
- (G) for government penalties and fines resulting from Dana's breach of its covenants in Section 24.1;
- (H) relating to (1) any duties or obligations of Dana or Dana Agents with respect to one another, (2) liability under any Assigned Agreement based on acts or omissions of Dana or Dana Agents before the applicable Assigned Agreement

*** indicates where a confidential portion has been omitted and filed separately with the Commission

Effective Date and (3) liability under any Managed Agreement based on acts or omissions of Dana or Dana Agents for which Dana is not entitled to indemnification under clause (3) of subsection (H) of Section 28.2.

- (I) by a Non-US Employee (as defined in Schedule 18 (Human Resources)) or a non-US Governmental Authority to the extent the claim arises from a breach of Dana's responsibilities, or constitutes a liability for which Dana has agreed to be responsible, under the terms of Schedule 18 (Human Resources);
- (J) relating to Dana's failure to obtain, maintain or comply with the Dana Consents and the Dana Governmental Approvals or to comply with the Service Provider Consents;
- (K) relating to use by Dana of any Service Provider Third Party Software or Service Provider Third Party Tools outside of the licenses granted in Article 20; or
- (L) resulting from a disclosure of Service Provider's Confidential Information due to Dana's breach of Section 22.1.

Dana will indemnify Service Provider against any costs and expenses incurred in connection with the enforcement of this Section.

28.2 Indemnities by Service Provider. Service Provider will indemnify Dana and its Affiliates against, and defend and hold Dana and its Affiliates harmless from and against, any Losses suffered, incurred or sustained by Dana or its Affiliates or to which Dana or its Affiliates become subject, resulting from, arising out of or relating to any third party claim:

- (A) that the Services, the Deliverables, the Work Product, the Service Provider Software, the Service Provider Tools, the Service Provider Equipment, any enhancements or modifications to the Dana Software performed by Service Provider or Service Provider Agents or any other resources or items provided to Dana by Service Provider or Service Provider Agents infringe upon or misappropriate the proprietary or other rights of any third party; provided that Service Provider will not have any indemnity obligation under this subsection (A) to the extent any infringement or misappropriation relates to:
 - (1) any item of Service Provider Third Party Software or Service Provider Third Party Tool that, with Dana's specific prior written consent, is excluded from indemnification under this subsection (A);
 - (2) modifications made by Dana or a Dana Agent (other than Service Provider and Service Provider Agents), without the approval of Service Provider;
 - (3) Dana's use of any such materials in combination with products or services not furnished or approved by Service Provider and not contemplated by this Agreement;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (4) a breach of the Service Provider Consents by Dana;
 - (5) the failure of Dana to use corrections or modifications provided by Service Provider on a timely basis; or
 - (6) the infringement results from Service Provider's adherence to Dana's directions or procedures.
- (B) based on the violation of a Law for the protection of persons or members of a protected class or category of persons by Service Provider or Service Provider Agents, including unlawful discrimination;
- (C) relating to personal injury, bodily injury, death or property loss or damage caused by the acts or omissions of Service Provider or Service Provider Agents (and Service Provider hereby waives, as to the defense of Dana, any immunity defense it may have to such claim under Laws related to workers' compensation or employee injuries);
- (D) relating to accrued employee benefits expressly assumed by Service Provider;
- (E) relating to any employment actions resulting from misrepresentations, oral or written, made by Service Provider or Service Provider Agents to Affected Employees or other Dana employees that were not authorized by Dana;
- (F) relating to any action taken by Service Provider with respect to the Affected Employees, including any claims arising from Service Provider's decisions, acts or omissions relating to screening, interviewing, hiring, assignment, evaluation, compensation, termination and/or transfer;
- (G) relating to any other aspect of the Project Staff's employment relationship with Service Provider or the termination of the employment relationship with Service Provider (including claims for breach of an express or implied contract of employment);
- (H) relating to (1) any duties or obligations of Service Provider or Service Provider Agents with respect to one another, (2) liability under any Assigned Agreement based on acts or omissions of Service Provider or Service Provider Agents on or after the applicable Assigned Agreement Effective Date and (3) liability under any Managed Agreement based on acts or omissions of Service Provider or Service Provider Agents on or after the applicable Managed Agreement Effective Date that constitute a breach or default of Service Provider's obligations under Article 9;
- (I) relating to Service Provider's failure to obtain, maintain or comply with the Service Provider Consents and the Service Provider Governmental Approvals or to comply with the Dana Consents;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (J) by any of Service Provider's partners or subcontractors arising from or in connection with their provision of Services;
- (K) resulting from a disclosure of Dana's Confidential Information due to Service Provider's breach of Section 10.3 or Section 22.1;
- (L) relating to any amounts, including taxes, interest and penalties, assessed against Dana that are the obligation of Service Provider under Article 16;
- (M) relating to use by Service Provider of any Dana Third Party Software or Dana Third Party Tools outside the scope of the licenses granted in Article 20;
- (N) for government penalties and fines resulting from Service Provider's breach of its covenants in Section 24.2;
- (O) by a Non-US Employee (as defined in Schedule 18 (Human Resources)) or a non-US Governmental Authority to the extent the claim arises from a breach of Service Provider's responsibilities, or constitutes a liability for which Service Provider has agreed to be responsible, under the terms of Schedule 18 (Human Resources); or
- (P) based on the processing or transfer of Dana Data in violation of Service Provider's or a Service Provider Agent's obligations under the terms of Section 22.6 or a Local Country Agreement.

Service Provider will indemnify Dana against any costs and expenses incurred in connection with the enforcement of this Section.

28.3 Indemnification Procedures. If any third-party claim is commenced against a Party entitled to indemnification under Section 28.1 or Section 28.2 (the "Indemnified Party"), notice thereof will be given to the Party that is obligated to provide indemnification (the "Indemnifying Party") as promptly as practicable. If, after such notice, the Indemnifying Party will acknowledge that this Agreement applies with respect to such claim, then the Indemnifying Party will be entitled, if it so elects, in a notice promptly delivered to the Indemnified Party, but in no event less than 10 days before the date on which a response to such claim is due, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to the Indemnified Party to handle and defend the same, at the Indemnifying Party's sole cost and expense. The Indemnified Party will cooperate, at the cost of the Indemnifying Party, in all reasonable respects with the Indemnifying Party and its attorneys in the investigation, trial and defense of such claim and any appeal arising therefrom; provided that the Indemnified Party may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim that involves a remedy other than the payment of money by the Indemnifying Party will be entered into without the consent of the Indemnified Party. After notice by the Indemnifying Party to the Indemnified Party of its election to assume full control of the defense of any such claim, the Indemnifying Party will not be liable to the Indemnified Party for any legal expenses incurred thereafter by such Indemnified

*** indicates where a confidential portion has been omitted and filed separately with the Commission

Party in connection with the defense of that claim. If the Indemnifying Party does not assume full control over the defense of a claim subject to such defense as provided in this Section, the Indemnifying Party may participate in such defense, at its sole cost and expense, and the Indemnified Party will have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of the Indemnifying Party.

28.4 Injunctions Affecting Services. If any product or service provided by Service Provider and used by Service Provider to provide the Services becomes, or in Service Provider's reasonable opinion is likely to become, the subject of an infringement or misappropriation claim or proceeding, then Service Provider will promptly notify Dana of such claim or proceeding and, at Service Provider's expense (1) secure the royalty-free right to continue using the product or service or (2) replace or modify the product or service to make it non-infringing, provided that any such replacement or modification will not degrade the performance or quality of the affected component of the Services in any material way. If neither (1) nor (2) is available to Service Provider, Service Provider will remove the product or service from the Services and the Fees will be equitably adjusted to adequately reflect such removal. If any product or service provided by Dana and used by Service Provider to provide the Services becomes, or in Dana's reasonable opinion is likely to become, the subject of an infringement or misappropriation claim or proceeding, then Dana will promptly notify Service Provider of such claim or proceeding, and unless and until Dana secures the right to continue using the product or service, or replaces or modifies the product or service to make it non-infringing, Service Provider will be relieved of the Services that require the enjoined product or service, without affecting Dana's payment obligations.

ARTICLE 29. DAMAGES

29.1 Direct Damages. Each Party will be liable to the other Party for any direct damages arising out of or relating to such Party's performance or failure to perform under this Agreement; provided that the liability of a Party to the other Party, whether based on an action or claim in contract, equity, negligence, tort or otherwise, will not in the aggregate exceed ***.

29.2 Consequential Damages.

(A) ***

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (B) Notwithstanding the foregoing, the following damages are agreed to be included within direct damages and not excluded by this Section 29.2: ***.

29.3 Exceptions.

- (A) ***
 - (1) ***
 - (2) ***
 - (3) ***
- (B) ***
 - (1) ***
- (C) ***
 - (1) ***
 - (2) ***
- (D) ***

*** indicates where a confidential portion has been omitted and filed separately with the Commission

29.4 Interpretation of Cap. ***

- (A) ***
- (B) ***
- (C) ***
- (D) ***

29.5 Injunctive Relief. A Party may seek immediate injunctive relief for a breach of this Agreement by the other Party if the breach would result in irreparable harm to the Party for which monetary damages would provide an inadequate remedy. A Party filing a pleading seeking immediate injunctive relief that is not awarded in substantial part will pay all reasonable costs and attorneys' fees of the other Party.

ARTICLE 30. INSURANCE

30.1 Insurance. Except as specifically provided otherwise in this Agreement, Service Provider will obtain and maintain at its own expense, and require Service Provider Agents to obtain and maintain at their own expense or Service Provider's expense, insurance of the type and in the minimum amounts set forth below, with reputable carriers satisfactory to Dana:

- (A) for U.S. citizens and foreign nationals working in the U.S. or its territories and entitled to state workers' compensation insurance or benefits, statutory workers' compensation in accordance with all state and local requirements, including employers' liability, with limits not less than ***;
- (B) for foreign nationals working outside the U.S. or its territories, or working in the U.S. or its territories but not entitled to workers' compensation insurance or benefits, employee injury insurance or benefits usual, customary and/or required in the country in which such foreign national is employed or domiciled, whichever is applicable, which insurance or benefit may be provided through a non-U.S. government sponsored program or social welfare program or private insurance, as is usual, customary and/or required in the employee's country of employment or domicile, whichever is applicable;

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- (C) commercial general liability insurance for an insured amount of not less than *** per occurrence and *** aggregate;
- (D) automobile liability insurance covering use of all owned, non-owned and hired automobiles for bodily injury, property damage, with a minimum combined single limit per accident of *** or the minimum limit required by Law, whichever limit is greater;
- (E) professional errors and omissions liability insurance covering loss (other than bodily injury or property damage) which may result from any rendering or failure to render any professional services under this Agreement, with a minimum limit of *** per occurrence and *** in aggregate;
- (F) fidelity bond/crime insurance, naming Dana as a loss payee ***;
- (G) all risk property coverage, including flood and earthquake and business interruption insurance, covering property and operations of Service Provider or property in its care, custody or control; and
- (H) umbrella and/or excess liability coverage, applying over the employer's liability, commercial general liability and automobile liability, in minimum amounts of *** per occurrence and *** in the aggregate.

The above coverages will apply on a worldwide basis regardless of where the event that creates the liability occurs or where the suit or claim for the liability is brought. The above coverages will be written or endorsed so that they are primary coverages and not excess or contributory to any coverages maintained by Dana. Service Provider's obligations under this Section will in no way limit or diminish its indemnification obligations, or liability for claims covered, under the terms of this Agreement.

30.2 Period of Insurance. Service Provider will take out and maintain the insurance policies referred to in Section 30.1 for the following periods:

- (A) ***
- (B) ***

For any coverage written on a claims made basis, the retrospective date must be no later than the Effective Date of this Agreement.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

- 30.3 Insurance Documentation. For all insurance required under Section 30.1, Service Provider will, on the Effective Date and prior to each coverage renewal date, or upon Dana's request from time to time, furnish to Dana certificates of insurance or other appropriate documentation (including evidence of renewal of insurance) evidencing all coverages referenced in Section 30.1 and naming Dana as an additional insured with regard to the commercial general liability coverage as respects bodily injury or property damage resulting from the Project Staff's act or omissions. In the event of cancellation, non-renewal or material alteration, Service Provider shall cause its insurers to endeavor to provide 30 days' prior written notice to Dana. With regard to the coverages referenced in Section 30.1.(E) and 30.1.(F), Service Provider will provide Dana as much notice as is reasonably possible under the circumstances prior to any cancellation, non-renewal or material alteration. Such cancellation or material alteration will not relieve Service Provider of its continuing obligation to maintain insurance coverage in accordance with this Article. With regard to the Professional Errors and Omissions Liability insurance, on the Effective Date and prior to each coverage renewal date, or upon Dana's request from time to time, Service Provider will provide a written certification from its insurance broker that the coverage maintained by Service Provider covers all Services under this Agreement and that the limits are in full force and effect.
- 30.4 Risk of Loss. Subject to the terms of this Agreement, each Party is responsible for the risk of loss of, or damage to, any property of the other that is caused by the acts or omissions of such Party.
- 30.5 Deductibles or Self Insurance. Unless Service maintains an investment grade credit rating by Moody's Investors Services, the foregoing coverages may not be changed to increase any deductibles or other self insurance provisions in excess of the respective amounts in existence on the Effective Date.

ARTICLE 31. MISCELLANEOUS PROVISIONS

- 31.1 Assignment. Neither Party will, without the consent of the other Party, assign this Agreement or otherwise transfer its rights or obligations under this Agreement; provided that Dana may assign or otherwise transfer its rights and obligations under this Agreement to any Affiliate of Dana, to an entity that acquires all or substantially all of Dana's assets or Dana's successor by way of merger or acquisition. The consent of a Party to any assignment of this Agreement will not constitute such Party's consent to further assignment. This Agreement will be binding on the Parties and their respective successors and permitted assigns. Any assignment in contravention of this subsection will be void.
- 31.2 Notices. Except as otherwise specified in this Agreement, all notices, requests, consents, approvals, agreements, authorizations, acknowledgements, waivers and other communications required or permitted under this Agreement will be in writing and will be deemed given when sent by telecopy to the telecopy number specified below or delivered by hand to the address specified below. A copy of any such notice will also be sent by express air mail on the date such notice is transmitted by telecopy to the address specified below:

*** indicates where a confidential portion has been omitted and filed separately with the Commission

In the case of Dana:
Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615
Attention: Vice President, Human Resources
Telecopy No.: 419-535-

With a copy to:
Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615
Attention: General Counsel
Telecopy No.: 419-535-4790

In the case of Service Provider:
IBM Corporation
Rt. 100, Bld 2
Somers, NY 10589
Attention: VP, BTO Industrial
Telecopy No.: (914) 766-8237

With a copy to:
IBM Corporation
Rt. 100, Bld 2
Somers, NY 10589
Attention: BCS Associate General Counsel
Telecopy No.: (914) 766-8222

Either Party may change its address or telecopy number for notification purposes by giving the other Party 15 days' notice of the new address or telecopy number and the date upon which it will become effective.

- 31.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which taken together will constitute one single agreement between the Parties.
- 31.4 Relationship. The Parties intend to create an independent contractor relationship and nothing contained in this Agreement will be construed to make either Dana or Service Provider partners, joint venturers, principals, agents or employees of the other. No officer, director, employee, agent, affiliate or contractor retained by Service Provider to perform work on Dana's behalf under this Agreement will be deemed to be an employee, agent or contractor of Dana. Neither Party will have any right, power or authority, express or implied, to bind the other.
- 31.5 Consents, Approvals and Requests. Except as specifically set forth in this Agreement, all consents and approvals to be given by either Party under this Agreement will not be

*** indicates where a confidential portion has been omitted and filed separately with the Commission

unreasonably withheld or delayed and each Party will make only reasonable requests under this Agreement.

- 31.6 Waivers. No delay or omission by either Party to exercise any right or power it has under this Agreement will impair or be construed as a waiver of such right or power. A waiver by any Party of any breach or covenant will not be construed to be a waiver of any succeeding breach or any other covenant. All waivers must be signed by the Party waiving its rights.
- 31.7 Remedies Cumulative. No right or remedy herein conferred upon or reserved to either Party is intended to be exclusive of any other right or remedy, and each right and remedy will be cumulative and in addition to any other right or remedy under this Agreement, or under applicable Law, whether now or hereafter existing.
- 31.8 Amendments. No change or addition to any provision of this Agreement will be valid unless in writing and signed by an authorized representative of each of the Parties.
- 31.9 Survival. The terms of Sections 6.7(C), 6.8(D), 12.2(D) and (E), 14.2(G), 15.3 (as to outstanding Fees), 15.10, , 17.2, 17.3(B), 17.4, 27.1(C), (D) and (E), 27.2(A) and (D), 27.3, 30.2, 31.7, 31.9, 31.10, 31.11 and 31.12; Articles 16, 20, 22, 26, 28, 29 and 32; and the notice requirements for reassignment of Key Personnel set forth in Schedule 18 (Human Resources) will survive the expiration or termination of this Agreement.
- 31.10 Third Party Beneficiaries. Each Party intends that this Agreement will not benefit, or create any right or cause of action in or on behalf of, any person or entity other than the Parties.
- 31.11 Covenant of Further Assurances. Subsequent to the execution and delivery of this Agreement and without any additional consideration, each of Dana and Service Provider will execute and deliver any further legal instruments and perform any acts that are or may become necessary to effectuate the purposes of this Agreement.
- 31.12 Negotiated Terms. The Parties agree that the terms and conditions of this Agreement are the result of negotiations between the Parties and that this Agreement will not be construed in favor of or against any Party by reason of the extent to which any Party or its professional advisors participated in the preparation of this Agreement.
- 31.13 Export. Dana and Service Provider will not knowingly export or re-export any personal computer system, part, technical data or sub-elements under this Agreement, directly or indirectly, to any destinations prohibited by the United States Government. The term "technical data" in this context, means such data as is defined as technical data by applicable United States export regulations.
- 31.14 Non-Solicitation. Except as permitted under Section 27.3, during the Term neither Party will solicit or hire any individual while that individual is an employee of the other Party. This Section will not restrict the right of either Party to solicit or recruit generally in the media or prohibit either Party from hiring an employee of the other who answers any

*** indicates where a confidential portion has been omitted and filed separately with the Commission

advertisement or who otherwise voluntarily applies for hire without having been initially solicited or recruited by the hiring Party.

31.15 Conflict of Interest. Neither Party will pay any salaries, commissions, fees or make any payments or rebates to any employee of the other Party, or to any designee of such employee, or favor any employee of the other Party, or any designee of such employee, with gifts or entertainment of significant cost or value or with services or goods sold at less than full market value. Obligation under this Section will also be binding upon the Parties respective agents.

31.16 Publicity. Neither Party will use the other Party's name or mark, or use language from which the connection of such name or mark may be inferred, without the other Party's prior written consent, in the other Party's sole discretion. Neither Party may make, without the prior written approval of authorized representatives of the other Party, any public disclosures relating to this Agreement, except for internal announcements or disclosures required to meet legal or regulatory requirements that are beyond the reasonable control of the disclosing Party.

31.17 Liens. Service Provider will keep all real and personal property of Dana, and the Services, free and clear of all liens or lien claims. If any lien or lien claim is asserted for any reason, Dana may at its sole discretion (1) pay the amount of the lien or lien claim, (2) deduct the amount paid from Fees due to Service Provider and/or (3) require Service Provider to obtain a properly executed release of lien satisfactory to Dana.

ARTICLE 32. CONSTRUCTION

32.1 Background. The statement of background and objectives set forth in the introductory portion of this Agreement are intended to be a general introduction to this Agreement and are not intended to expand the scope of the Parties' obligations or to alter the plain meaning of this Agreement's terms and conditions. However, to the extent the terms and conditions of this Agreement do not address a particular circumstance or are otherwise unclear or ambiguous, such terms and conditions are to be interpreted and construed so as to give the fullest possible effect to the goals and objectives set forth in the statement of background and objectives.

32.2 Incorporation and References. In this Agreement and the Schedules and Local Country Agreements to this Agreement:

- (A) the Schedules and Local Country Agreements to this Agreement are hereby incorporated into and deemed part of this Agreement and all references to this Agreement will include the Schedules to this Agreement;
- (B) references to a Schedule, Section or Article will be to such Schedule to, or Section or Article of, this Agreement unless otherwise provided;
- (C) references to any Law means references to such Law in changed or supplemented form or to a newly adopted Law replacing a previous Law; and

*** indicates where a confidential portion has been omitted and filed separately with the Commission

(D) references to and mentions of the word "including" or the phrase "e.g." means "including, without limitation."

32.3 Headings. The Article and Section headings, Table of Contents and Table of Schedules are for reference and convenience only and will not be considered in the interpretation of this Agreement.

32.4 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to Law, then the remaining provisions of this Agreement, if capable of substantial performance, will remain in full force and effect.

32.5 Sole and Exclusive Venue. Each Party irrevocably agrees that any legal action, suit or proceeding brought by it in any way arising out of this Agreement must be brought solely and exclusively in the United States District Court for the Northern District of Ohio or Court of Common Pleas for Lucas County located in Toledo, Ohio and irrevocably accepts and submits to the sole and exclusive jurisdiction of each such court in personam, generally and unconditionally, with respect to any action, suit or proceeding brought by it or against it by the other Party; provided that this Section will not prevent a Party against whom any legal action, suit or proceeding is brought by the other Party in the state courts of the State of Ohio from seeking to remove such legal action, suit or proceeding, under applicable federal Law, to the district court of the United States for the district and division embracing the place where the action is pending in the state courts of the State of Ohio, and if an action is so removed each Party irrevocably accepts and submits to the jurisdiction of that district court. Each Party hereto further irrevocably consents to the service of process from any of such courts by mailing copies thereof by registered or certified mail, postage prepaid, to such Party at its address designated under this Agreement, with such service of process to become effective 30 days after such mailing.

32.6 Section 365(n). All rights and licenses granted under or under this Agreement by Service Provider to the Dana Group Companies are, and will otherwise be deemed to be, for purposes of Section 365(n) of Title 11 of the United States Code, as amended from time to time (the "Bankruptcy Code"), licenses to rights to "intellectual property" as defined under the Bankruptcy Code. The Parties agree that the Dana Group Companies, as licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and remedies available to it under the Bankruptcy Code including Section 365(n) thereof.

32.7 Governing Law.

(A) This Agreement and the rights and obligations of the Parties under this Agreement will be governed by and construed in accordance with the Laws of the State of Ohio, without giving effect to the principles thereof relating to the conflicts of Laws.

(B) The Parties agree that, to the extent not expressly permitted by Law, the United Nations Convention on Contracts for the International Sale of Goods 1980, and all

*** indicates where a confidential portion has been omitted and filed separately with the Commission

international and domestic legislation implementing such Convention, will not apply to this Agreement.

- (C) The Parties further agree that their respective rights and obligations under this Agreement will be solely and exclusively as set forth in this Agreement and that the Uniform Computer Information Transactions Act ("UCITA"), whether enacted in whole or in part by any state or applicable jurisdiction, regardless of how codified, will not apply to this Agreement and is hereby disclaimed. The Parties further agree to amend this Agreement as may be necessary to comply with any mandatory disclaimer language required by UCITA in any applicable jurisdiction.

32.8 Waiver of Jury Trial. The Parties hereby irrevocably waive any right to jury trial with respect to any action relating to this Agreement or the Services.

32.9 Entire Agreement. This Agreement and the Schedules to this Agreement represent the entire agreement between the Parties with respect to its subject matter, and there are no other representations, understandings or agreements between the Parties relative to such subject matter.

32.10 Interpretation Consistent with Law; Conflicts.

- (A) If any provision of this Agreement is subject to an interpretation which would be invalid, illegal, or unenforceable, the remaining provisions of this Agreement will not in any way be affected or impaired, and the invalid, illegal, or unenforceable provision will be interpreted to reflect the Parties' original intent under this Agreement as nearly as possible in accordance with applicable Laws.

- (B) If there is a conflict among the terms in the various documents within this Agreement:

- (1) to the extent the conflicting provisions can reasonably be interpreted so that such provisions are consistent with each other, such consistent interpretation will prevail; and
- (2) to the extent this Section 32.10(B) does not resolve such conflict, the following order of precedence will prevail:
 - (a) the provisions of a Local Country Agreement will prevail over a conflicting term in this Agreement with respect to Services performed within the jurisdiction of such Local Country Agreement;
 - (b) this Agreement (exclusive of its Schedules) will prevail over a conflicting term in its Schedules; and
 - (c) a Schedule will prevail over a conflicting term in the Exhibits.

*** indicates where a confidential portion has been omitted and filed separately with the Commission

Each of Dana and Service Provider has caused this Agreement to be signed and delivered by its duly authorized representative on this 31 day of March, 2005.

DANA CORPORATION

By: /s/ Richard W. Spriggle

Name: Richard W. Spriggle
Title: V.P. Human Resources

By: _____
Name: _____
Title: _____

INTERNATIONAL BUSINESS MACHINES CORPORATION

By: /s/ Gerald T. Kurtz

Name: Gerald T. Kurtz
Title: Partner, Business Consulting Services

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Michael J. Burns, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dana Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: May 6, 2005

/s/ Michael J. Burns
Michael J. Burns
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Robert C. Richter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dana Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2005

/s/ Robert C. Richter
Robert C. Richter
Chief Financial Officer

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Dana Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2003, that to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: May 6, 2005

/s/ Michael J. Burns

Michael J. Burns
Chief Executive Officer

/s/ Robert C. Richter

Robert C. Richter
Chief Financial Officer