UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	Chapter 11
Dana Corporation, *et al.*,	:	Case No. 06-10354 (BRL)
Debtors.	:	(Jointly Administered)

DECLARATION OF JOHN DEMPSEY IN SUPPORT OF MOTION OF DANA CORPORATION, PURSUANT TO SECTIONS 363, 365 AND 105 OF THE BANKRUPTCY CODE, FOR AN ORDER AUTHORIZING DANA CORPORATION TO (A) ENTER INTO EMPLOYMENT AGREEMENTS WITH MICHAEL J. BURNS, ITS PRESIDENT AND CHIEF EXECUTIVE OFFICER, AND FIVE KEY EXECUTIVES OF HIS CORE MANAGEMENT TEAM, AND (B) ASSUME CERTAIN CHANGE OF CONTROL AGREEMENTS, AS AMENDED

John Dempsey hereby declares pursuant to section 1746 of title 28 of the United States Code:

1. I am a principal of Mercer Human Resource Consulting ("Mercer"). I have been consulting for over 20 years, advising corporations undergoing major financial transitions including reorganizations, IPOs, LBOs and acquisitions in matters relating to employment, employee benefits and executive compensation. I design employment agreements, change of control agreements, annual and multi-year incentive programs and retention programs. I joined Mercer in 1985 following my graduation from Yale University where I obtained a Bachelor of Arts degree. In 1992, I obtained a Master Degree in Business Administration (MBA) from The Ohio State University.

2. Recent bankruptcy-related clients that I worked for include Owens Corning, Kaiser Aluminum, Solutia, Oglebay Norton, Citation Corporation, Intermet Corporation, Venture Industries, Alterra, EaglePicher, Allied Holdings, Mesaba Aviation and

FLAG Telecom. I have also worked on restructuring issues with Nortel Networks, Barrick Gold, Manulife, CareMark Rx, Archipelago and Sky Financial. I have provided expert testimony representing the debtor in the following chapter 11 cases: Owens Corning, Citation Corporation, Intermet Corporation, Venture Industries and Allied Holdings.

3. I am making this declaration in support of the motion (the "Motion") of Dana Corporation ("Dana," together with the above-captioned debtors and debtors in possession, the "Debtors"), pursuant to sections 363, 365 and 105 of the Bankruptcy Code, for an order authorizing Dana to (A) enter into employment agreements (the "Agreements") with Michael J. Burns, its President and Chief Executive Officer, and five key executives of his core management team, and (B) assume certain change of control agreements, as amended. The five key executives (the "Executives" and together with Mr. Burns, the "Senior Executives") are (i) Paul E. Miller, Vice President of Purchasing; (ii) Thomas R. Stone, President of the Traction Group; (iii) Nick L. Stanage, President Heavy Vehicle Products; (iv) Michael L. DeBacker, Vice President, General Counsel, and Secretary; and (v) Ralf Goettel, President of Engine Hard Parts and Sealing Products and President of Dana Europe.

4. I am aware of the facts and circumstances relating to the Motion, and unless otherwise stated herein, I have personal knowledge of the facts set forth herein.

5. Since the commencement of these chapter 11 cases, Dana has tried to alleviate the concerns of its core management team of Senior Executives with respect to the uncertainty surrounding bankruptcy and wishes to incentivize this portion of the core team to achieve a quick, successful emergence from chapter 11 for the benefit of all of the Debtors' stakeholders.

6. Mercer has been engaged as the executive compensation consultant for Dana's management since 2002. Dana engaged Mercer in March 2006 to evaluate the compensation offered to the Senior Executives in comparison to the compensation offered by the competitors in Dana's peer group and other comparable chapter 11 debtors. In performing its analysis, Mercer computed the value of the Senior Executives' total compensation, including projected short- and long-term incentives, both before and after the bankruptcy filing.[1] We compared these pay levels with market pay among a peer group of companies of similar size and complexity to Dana and to published survey data for companies similar to Dana.[2] We also assessed Dana's practices in reference to other large corporations that are restructuring through chapter 11 of the Bankruptcy Code. In addition, we valued the prepetition contractual commitments that Dana made to the Senior Executives, some of which now only constitute prepetition claims against the Debtors' estates and, therefore, are of very uncertain value.

7. If the total compensation package of the core team of Senior Executives continues without modification, they will experience a dramatic reduction in their compensation compared to 2005 target levels. While Dana is continuing annual incentive under its Annual Incentive Plan,[3] Dana's long-term incentive program is not appropriate in a chapter 11 environment. Historically, Dana has used a combination of stock options, restricted shares and

[1] Mercer's analysis originally relied on a compensation benchmarking study completed in the fall of 2005. In preparing for the approval process for the contracts, Mercer updated this analysis. This update forms the basis for our exhibits and our opinion.

[2] For the Peer Group, the source of information is the most recently available executive compensation disclosures filed with the Securities and Exchange Commission – typically proxy statements. These disclosures are limited to the top five most highly compensated executive officers. This is the best source of comparable pay information for the Senior Executives since they are (as at the peers) their company's top management team. While we reviewed published survey data as well, we conclude that the Peer Group benchmarks are the most appropriate comparable. The published survey data matches executive by roles and responsibilities but ignores the relative importance the employer attaches to the position. The surveys include many incumbents who do not report directly to the CEO.

[3] For this analysis, we assume that the Annual Incentive Plan will pay out at target, although actual payouts will depend on Dana's financial results.

performance shares to align the interests of management with shareholders and to deliver a market competitive compensation package. It is not appropriate to continue compensating management using these programs since management now has an obligation to maximize the value of the bankruptcy estates in general. However, if the long-term incentive programs are not replaced, the aggregate target total compensation package of the six Senior Executives would be reduced by 40% compared to 2005 target levels, as shown in the chart below.[4] Mr. Burns would receive a 49% reduction in target compensation.

Name	2005 Salary, Annual and Long-term Incentives at Target	2006 Salary and Annual Incentive at Target	Percentage Change
Burns	$6,070	$3,105	-49%
Miller	$1,355	$825	-39%
Stone	$1,158	$968	-16%
DeBacker	$1,403	$891	-36%
Goettel	$1,032	$770	-25%
Stanage	$958	$672	-30%
Total	**$11,975**	**$7,231**	**-40%**

Dollars in Thousands

If Dana does not replace the long-term incentives, the compensation competitiveness will fall. As set forth in the chart below, when compared to Dana's long-established industry peer group, the aggregate total compensation package of the Senior Executives will be 65% below the market median if no change is made. See also Exhibit 1 to this Declaration.

[4] Exhibit 2 to this Declaration provides details on the elements of compensation included in these totals.

Name	2006 Salary and Annual Incentive at Target	2006 Peer Group Median Compensation	Percentage Difference
Burns	$3,105	$9,083	-66%
Miller	$825	$1,890	-56%
Stone	$968	$2,839	-66%
DeBacker	$891	$2,839	-69%
Goettel	$770	$1,890	-59%
Stanage	$672	$1,890	-64%
Total	**$7,231**	**$20,430**	**-65%**

Dollars in Thousands

8. These kinds of executive compensation shortfalls are a common problem in the chapter 11 environment. The incentive compensation in general and equity-based compensation in particular, which constitute the bulk of the traditional executive compensation package, become worthless when corporations commence reorganization proceedings under chapter 11 of the Bankruptcy Code. This outcome is consistent with a performance driven approach to executive compensation which Mercer has advocated publicly for many years. However, most large enterprises that enter chapter 11 restructure their compensation program in order to introduce an incentive package that is adequate to compensate their top management fairly and to incentivize them to focus on and complete the restructuring expeditiously.

9. Mercer compared the proposed compensation at Dana with the packages offered at the seven largest manufacturing companies currently restructuring under chapter 11. These corporations are Delphi, Calpine, Federal Mogul, Owens Corning, USG, Collins and Aikman, and Armstrong Holdings.[5] Delphi is not a fair comparison for the CEO since its CEO is

[5] Delphi, Federal Mogul, and Collins and Aikman are automotive parts manufacturers and Owens Corning, Armstrong, and USG are building products manufacturers. Calpine produces energy. Each of these seven corporations reported annual revenues greater than $3.5 billion in the most recent year reported. Like Dana, they operate large, complex and, in many cases, global enterprises that require, from their most senior executives, an

paid $1. Furthermore, Delphi has not fully disclosed its compensation since its Form 10-K for its most recent fiscal year is not yet published. As set forth on the chart below, when compared to the remaining companies, the aggregate total compensation package of Dana's Senior Executives will be 40% below the market median if no change is made. See also Exhibit 3 to this Declaration.

Name	2006 Salary and Annual Incentive at Target	2006 Chapter 11 Median Compensation	Percentage Difference
Burns	$3,105	$5,048	-38%
Miller	$825	$1,279	-35%
Stone	$968	$1,582	-39%
DeBacker	$891	$1,582	-44%
Goettel	$770	$1,279	-40%
Stanage	$672	$1,279	-47%
Total	**$7,231**	**$12,049**	**-40%**

Dollars in Thousands

10. The establishment of completion bonuses is consistent with the actions of other chapter 11 debtors in and outside this District[6] and draws the Senior Executives' total compensation within the range of competitive practice. Mercer also notes that chapter 11 debtors have been creating pools to be distributed at or around the confirmation of a plan of reorganization. Pre-BAPCPA examples include Solutia, Hayes-Lemmerz, and Worldcom.

(continued...)

extensive experience managing large enterprises. While other, smaller, automotive parts manufacturers are reorganizing under chapter 11, I believe these organizations are not appropriate comparables for Dana because the scope of responsibility and level of experience of the senior executives of such manufacturers is too small to be relevant here.

[6] See, for example, Solutia, Collins and Aikman, EaglePicher, and Musicland, in addition to Calpine. Federal Mogul committed to granting options on 4% of common shares outstanding upon emergence when it hired a new CEO in 2005. While much of the value of this commitment would be earned post-emergence if Federal Mogul's new common stock appreciates in value, a portion is convertible into whole shares. Furthermore, a grant so large represents a powerful incentive to implement the proposed plan of reorganization, which has proven to be a challenge.

Recent examples include Calpine, Musicland, and Collins & Aikman. See also Exhibit 5 hereto for additional detail on these examples.

11. The status of top executive Supplemental Executive Retirement Plans ("SERPs") as unsecured prepetition claims in the chapter 11 represents a significant reduction in the executive's financial security. Dana attracted Mr. Burns, Mr. Miller, Mr. Stanage and Mr. Stone in part by offering supplemental retirement arrangements. These SERPs had five year service based vesting attached to the benefits. Because the value of benefits is uncertain as a result of the bankruptcy, there may be a significant loss to these executives. Each of the executives has a substantial amount of retirement capital to accumulate just to replace value he thought was largely assured.

12. Mercer, therefore, advised Dana to enter into the Agreements with each of the Senior Executives that are critical to the success of the restructuring and, as a mechanism to motivate, incentivize and focus them, to include a completion bonus in each of the Agreements. The completion bonuses will only be earned by the Senior Executives upon the Debtors' emergence from chapter 11 and, therefore, align the interests of the Senior Executives with those of the Debtors' other stakeholders. Specifically, the Senior Executives will be motivated by the terms of the Agreements to see that the Debtors emerge successfully from bankruptcy and do so as efficiently and quickly as possible. The completion bonuses are set amounts that do not vary with the length of the Debtors' reorganization. Considered on a per annum basis, therefore, the awards decrease the longer the Debtors take to restructure successfully, thus discouraging any delay in the reorganization process. If the executive's employment is terminated part way through the restructuring, then his benefit is reduced for the portion of the restructuring to which he does not contribute.

13. Mercer has reviewed the Agreements that Dana is proposing for the Senior Executives. They provide an incentive for the Senior Executives to guide Dana through the restructuring process in exchange for a two-year work commitment. When the completion bonus is annualized over a two-year restructuring period, the aggregate total compensation is still 41% below the peer group median. When the size of the organizations is considered, the package is still below market. As set forth on the chart below, the aggregate compensation is also 4% above the median when compared to the chapter 11 debtors that are discussed in paragraph 10 above.

Name	2006 Salary and Annual Incentive at Target	2006 Peer Group Median Compensation	Dana Percentage Difference From Peer Group	2006 Chapter 11 Median Compensation	Dana Percentage Difference From Chapter 11
Burns	$6,205	$9,083	-32%	$5,048	23%
Miller	$1,385	$1,890	-27%	$1,279	8%
Stone	$1,368	$2,839	-52%	$1,582	-14%
DeBacker	$1,291	$2,839	-55%	$1,582	-18%
Goettel	$1,170	$1,890	-38%	$1,279	-9%
Stanage	$1,072	$1,890	-43%	$1,279	-16%
Total	**$12,491**	**$20,430**	**-39%**	**$12,049**	**4%**

Dollars in Thousands

The industry peer group is the most relevant comparator for assessing the Senior Executives' market value. The Senior Executives are automotive industry veterans with strong credentials to work elsewhere in the industry. The purpose of the chapter 11 comparison is to assess proposal's reasonableness relative to other chapter 11 cases, although the Senior Executives are unlikely to join another debtor-in-possession if they elect to seek employment elsewhere. Mr. Burns, and to a lesser extent Mr. Miller, are to a somewhat above the median compared to the chapter 11 companies although far below the median when compared to the peer group. As shown in Exhibit 3, Mr. Burns is far below Federal Mogul's CEO and also below Calpine's CEO. He would be the third highest observation out of the six. The total compensation comparisons do not include the value of signing bonuses.[7] My conclusion from reviewing the bankruptcy comparables is that the proposals are well within the range of competitive practice relative to the other chapter 11 cases.

14. Mercer also considered the impact of company size on compensation and concluded that Dana's compensation package is below market even when company size is considered. See also Exhibit 4 hereto.

15. It is critically important that these compensation arrangements be formalized at the beginning of the restructuring process. Although it is sometimes argued that consideration of top management compensation should be deferred until later in the restructuring process, it is our experience that this matter is better addressed early in the case so that the debtor (represented by its board of directors) can assure itself of a competent professional management team for the restructuring period. By establishing the Agreements now, Dana will have a contractual commitment from its top management to guide the corporation through the next two years, with renewals extending beyond. The CEOs of Collins & Aikman, Calpine, and Federal Mogul each have employment agreements that have been approved by bankruptcy courts within the last two years. Owens Corning adopted a severance agreement in February 2006. Of the large manufacturing debtors listed in Exhibit 3, USG and Armstrong do not have employment agreements with their CEOs.

16. Also, replacing top management talent while in chapter 11 is extremely expensive. The new CEO of Calpine received a $2 million signing bonus and guaranteed minimum bonuses of $3.75 million. When Federal Mogul hired a new CEO, he received a

[7] See paragraph 16 for additional information.

signing bonus of $856,537. By securing commitments from management now, Dana expects to avoid having to pay more for replacement management during the reorganization period.

17. The Agreements provide a strong incentive to the Senior Executives to develop and implement a confirmable plan of reorganization as quickly as possible. They preserve management's independence. Mercer considered recommending a plan similar to Calpine's, which rewards for increasing enterprise value, but concluded that this approach might align the interests of management with financial stakeholders at the expense of customers, employees and suppliers, since the way to maximize enterprise value is to raise prices while reducing costs. Mercer also considered recommending a program that rewards creditor recovery, but this approach could discourage management from attacking cost problems that need to be fixed for Dana to thrive. The proposed completion bonus avoids these potential conflicts and creates a strong incentive to complete the chapter 11 process.

18. Overall, the proposed Agreements are consistent with market practice and are fair, responsible, and reasonable. They are consistent with the packages put in place by other chapter 11 debtors and are substantially less in total value than the median of Dana's peer group. When Dana's size is considered, the Agreements position Dana in the middle of the market.

I declare under penalty of perjury under the laws of the United States of America that the foregoing information is true and correct.

Dated: June 29, 2006
Chicago, Illinois

John Dempsey

John Dempsey

MERCER
Human Resource Consulting

June 29, 2006

Dana Corporation
Exhibits for Mercer Declaration

MMC Marsh & McLennan Companies

Exhibit 1
Peer Group used in 2006 compensation analysis

Company Name	TIC	2005 Fiscal Year Revenue	GICS Industry	Location	Date of Proxy Filing	Data For Fiscal Year	Public / Private
		($millions)					
Caterpillar Inc	CAT	36,339	Machinery	Peoria, IL	4/17/2006	2005	Public
Johnson Controls Inc	JCI	27,479	Auto Components	Milwaukee, WI	12/12/2005	2005	Public
Magna International	MGA	22,811	Auto Components	Ontario, Canada	3/28/2006	2005	Public
Deere & Co	DE	21,931	Machinery	Moline, IL	1/11/2006	2005	Public
Goodyear Tire & Rubber Co	GT	19,723	Auto Components	Akron, OH	2/28/2006	2005	Public
Lear Corp	LEA	17,089	Auto Components	Southfield, MI	3/27/2006	2005	Public
Visteon Corp	VC	16,976	Auto Components	Van Buren Twp, MI	3/30/2006	2005	Public
TRW Automotive Holdings Corp	TRW	12,643	Auto Components	Livonia, MI	3/28/2006	2005	Public
Eaton Corp	ETN	11,115	Machinery	Cleveland, OH	3/17/2006	2005	Public
Cummins Inc	CMI	9,918	Machinery	Columbus, IN	4/7/2006	2005	Public
ArvinMeritor Inc	ARM	8,903	Auto Components	Troy, MI	12/16/2005	2005	Public
Tenneco Automotive Inc	TEN	4,441	Auto Components	Lake Forest, IL	3/27/2006	2005	Public
Borg Warner Inc	BWA	4,294	Auto Components	Auburn Hills, MI	3/23/2006	2005	Public
American Axle & Mfg Hldgs	AXL	3,387	Auto Components	Detroit, MI	3/22/2006	2005	Public
Cooper Tire & Rubber Co	CTB	2,155	Auto Components	Findlay, OH	3/21/2006	2005	Public
75th Percentile		20,827					
Median		**12,643**					
25th Percentile		6,672					
Dana Corp	**DCNAQ**	**8,611**	**Auto Components**	**Toledo, OH**	**n/a**	**n/a**	**Public**

Notes:
Delphi is in bankruptcy and has not filed a current 10-K; Navistar has not yet filed a 10-K or proxy with fiscal year 2005 data.

Exhibit 2
Compensation Summary for Michael Burns

Dana Bankruptcy Scenario Payouts
Michael Burns (Hired From GM, 3/2004)

	Pre-Petition Compensation		Post-Petition Comp 2006		Market Data						Proposed
					Proxy CEO [1]			Survey		Bankrupty	
Compensation Element	Target	Maximum	Target	Maximum	Median	75th	Size-adj Median	Median	75th	Median	Approach
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Base Salary as of 2005	1,035	1,035	1,035	1,035	1,120	1,220		1,059	1,233	1,009	1,035
Annual Incentive	1,035	2,070	2,070	4,140	1,734	2,816		1,360	1,483	1,670	2,070
Total Cash Compensation	**2,070**	**3,105**	**3,105**	**5,175**	**2,790**	**4,184**		**2,419**	**2,716**	**2,688**	**3,105**
Stock Options [2]	2,000	2,000	0	0	1,622	3,490		n/a	n/a	n/a	n/a
Restricted Stock	800	800	0	0	997	2,399		n/a	n/a	n/a	n/a
Performance Shares	1,200	2,400	0	0	1,868	2,230		n/a	n/a	n/a	n/a
Total LTI	4,000	5,200	0	0	4,454	7,502		4,427	6,586	0	0
Annualized Cash Completion Bonus [3]											
3x salary										2,469	3,100
Total Cash Completion Bonus 2-years											*6,200*
Total Direct Compensation	**6,070**	**8,305**	**3,105**	**5,175**	**9,083**	**11,084**	**6,930**	**6,846**	**9,302**	**5,068**	**6,205**
Loss in Annualized Compensation			(2,965)								

	Contractual Commitments	
	Value at Hire	Current Value [4]
Non-CIC Severance	4,140	0
SERP [5]	5,900	0
Make-Up New Hire Awards [6]		
Stock Options	3,880	0
RS/RSUs	3,079	0

(1) Proxy data summary statistics are not additive.
(2) Dana used a Black-Scholes option value of $6.22 per share in calculating option grant value. Mercer's methodology (comparable to that used for peer analysis) valued options at $7.05.
(3) Annualized over two years to align with the expected time to emergence of two years.
(4) Assumes equity has no value and non-qualified plans have no value.
(5) Represents initial amount at hire of $5,900,000; estimated lump sum if termination without cause occurred on 12/31/05 was $4,931,085.
(6) New hire awards are valued as of grant date (3/1/04) (exercise price of $21.82 and a Black-Scholes option value of $10.78 per share).

Exhibit 2 (Continued)
Compensation Summary for Tom Stone

Dana Bankruptcy Scenario Payouts
Tom Stone (Hired From GKN Holding, 6/2005)

	Pre-Petition Compensation		Post-Petition Comp 2006		Market Data							Proposed
					Proxy Execs 2-3			Proxy Business Unit Heads (n=24)		Survey		
Compensation Element	Target	Maximum	Target	Maximum	Median	75th	Size-adj Median	Median	75th	Median	75th	Approach
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Base Salary as of 2005	440	440	440	440	513	727		519	632	352	436	440
Annual Incentive	264	528	528	1,056	561	723		522	672	194	270	528
Total Cash Compensation	**704**	**968**	**968**	**1,496**	**1,061**	**1,340**		**1,055**	**1,265**	**545**	**707**	**968**
Stock Options [1]	227	227	0	0	492	777		777	1,940	n/a	n/a	0
Restricted Stock	91	91	0	0	233	676		0	415	n/a	n/a	0
Performance Shares	136	272	0	0	563	759		598	756	n/a	n/a	0
Total LTI	454	590	0	0	1,559	2,644		1,795	2,596	601	942	0
Annualized Cash Completion Bonus [2]												400
Total Cash Completion Bonus 2-years												*800*
Total Direct Compensation	**1,158**	**1,558**	**968**	**1,496**	**2,839**	**4,062**	**2,205**	**2,778**	**3,991**	**1,146**	**1,649**	**1,368**
Loss in Annualized Compensation			(190)									

	Contractual Commitments	
	Value at Hire	Current Value [3]
Non-CIC Severance	704	0
SERP [4]	1,322	0
Make-Up New Hire Awards		
Stock Options	0	0
RS/RSUs	0	0
Cash Payment[5]	50	0

(1) Dana used a Black-Scholes option value of $6.22 per share in calculating option grant value. Mercer's methodology (comparable to that used for peer analysis) valued options at $7.05.
Note: 2005 LTI value based on pay group 6 grant guideline, though executive is in pay group 5.
(2) Annualized over two years to align with the expected time to emergence of two years.
(3) Assumes equity has no value and non-qualified plans have no value.
(4) Normal retirement benefit under his agreement; estimated present value if terminated without cause on 4/1/06 is $661,000.
(5) Cash payment to be paid 12 months from hire (June, 2006).

Exhibit 2 (Continued)
Compensation Summary for Michael DeBacker

Dana Bankruptcy Scenario Payouts
Michael DeBacker

	Pre-Petition Compensation		Post-Petition Comp 2006		Market Data							Proposed
					Proxy Execs 2-3			Proxy General Counsel (n=6)		Survey		
Compensation Element	Target	Maximum	Target	Maximum	Median	75th	Size-adj Median	Median	75th	Median	75th	Approach
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Base Salary as of 2005	405	405	405	405	513	727		414	n/a	424	500	405
Annual Incentive	243	486	486	972	561	723		318	n/a	251	352	486
Total Cash Compensation	**648**	**891**	**891**	**1,377**	1,061	1,340		702	n/a	**675**	**852**	**891**
Stock Options (2)	377	377	0	0	492	777		253	n/a	n/a	n/a	0
Restricted Stock	151	151	0	0	233	676		216	n/a	n/a	n/a	0
Performance Shares	226	453	0	0	563	759		192	n/a	n/a	n/a	0
Total LTI	755	981	0	0	1,559	2,644		742	n/a	852	1,273	0
Annualized Cash Completion Bonus (3)												400
Total Cash Completion Bonus 2-years												*800*
Total Direct Compensation	**1,403**	**1,872**	**891**	**1,377**	**2,839**	**4,062**	**2,205**	**1,540**	**n/a**	**1,527**	**2,125**	**1,291**
Loss in Annualized Compensation			(512)									

	Contractual Commitments	
	Value at Hire	Current Value (4)
Non-CIC Severance	648	0
SERP (5)	623	0
Make-Up New Hire Awards		
Stock Options	n/a	0
RS/RSUs	n/a	0

(1) Proxy data summary statistics are not additive.
(2) Dana used a Black-Scholes option value of $6.22 per share in calculating option grant value. Mercer's methodology (comparable to that used for peer analysis) valued options at $7.05.
(3) Annualized over two years to align with the expected time to emergence of two years.
(4) Assumes equity has no value and non-qualified plans have no value.
(5) Estimated lump sum at termination without cause on 12/31/05 (prepared by Dana).

Exhibit 2 (Continued)
Compensation Summary for Paul Miller

Dana Bankruptcy Scenario Payouts
Paul Miller (Hired From Delphi, 5/3/2004)

	Pre-Petition Compensation		Post-Petition Comp 2006		Market Data					Proposed
					Proxy Execs 4-5			Survey		
Compensation Element	Target	Maximum	Target	Maximum	Median	75th	Size-adj Median	Median	75th	Approach
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Base Salary as of 2005	375	375	375	375	422	519		316	425	375
Annual Incentive	225	450	450	900	440	600		134	186	450
Total Cash Compensation	**600**	**825**	**825**	**1,275**	**861**	**1,143**		**451**	**610**	**825**
Stock Options (1)	377	377	0	0	252	712		n/a	n/a	0
Restricted Stock	151	151	0	0	134	497		n/a	n/a	0
Performance Shares	226	453	0	0	353	616		n/a	n/a	0
Total LTI	755	981	0	0	1,062	1,658		248	578	0
Annualized Cash Completion Bonus (2)										560
1.5x Salary										
Total Cash Completion Bonus 2-years										*1,120*
Total Direct Compensation	**1,355**	**1,806**	**825**	**1,275**	**1,890**	**2,747**	**1,476**	**699**	**1,188**	**1,385**
Loss in Annualized Compensation			(530)							

	Contractual Commitments	
	Value at Hire	Current Value (3)
Non-CIC Severance	1,200	0
SERP (4)	2,900	0
Make-Up New Hire Awards (5)		
Stock Options	557	0
RS/RSUs	299	0

(1) Dana used a Black-Scholes option value of $6.22 per share in calculating option grant value. Mercer's methodology (comparable to that used for peer analysis) valued options at $7.05.
(2) Annualized over two years to align with the expected time to emergence of two years.
(3) Assumes equity has no value and non-qualified plans have no value.
(4) Target value at age 62 under his agreement ($2,700,000 supplemental retirement benefit, $200,000 to purchase retiree medical); estimated present value if terminated without cause on 4/1/06 is $1,712,250.
(5) New hire awards are valued as of grant date (5/3/04) at exercise price of $20.19.

Exhibit 2 (Continued)
Ralf Goettel

Dana Bankruptcy Scenario Payouts
Ralf Goettel

Compensation Element	Pre-Petition Compensation		Post-Petition Comp 2006		Market Data (1)							Proposed
					Proxy Execs 4-5			Proxy Business Unit Heads (n=24)		Survey		
	Target	Maximum	Target	Maximum	Median	75th	Size-adj Median	Median	75th	Median	75th	Approach
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Base Salary (2)	385	385	385	385	422	519		519	632	424	523	385
Annual Incentive	193	385	385	770	440	600		522	672	n/a	n/a	385
Total Cash Compensation	**578**	**770**	**770**	**1,155**	**861**	**1,143**		**1,055**	**1,265**	**633**	**763**	**770**
Stock Options (3)	227	227	0	0	252	712		777	1,940	n/a	n/a	0
Restricted Stock	91	91	0	0	134	497		0	415	n/a	n/a	0
Performance Shares	136	272	0	0	353	616		598	756	n/a	n/a	0
Total LTI	454	590	0	0	1,062	1,658		1,795	2,596	761	1,095	0
Annualized Cash Completion Bonus (4)												400
Total Cash Completion Bonus 2-years												*800*
Total Direct Compensation	**1,032**	**1,360**	**770**	**1,155**	**1,890**	**2,747**	**1,476**	**2,778**	**3,991**	**1,394**	**1,858**	**1,170**
Loss in Annualized Compensation			(261)									

	Contractual Commitments	
	Value at Hire	Current Value
Non-CIC Severance	578	0
SERP	0	0
Make-Up New Hire Awards		
Stock Options	n/a	n/a
RS/RSUs	n/a	n/a
Performance Shares	n/a	n/a

(1) Market Data was converted from CHF to USD as of 5/2/2006 rate (1CHF = 0.80760 USD).
(2) Base salary was converted from EUR to USD as of 5/2/2006 rate (1EUR = 1.26266 USD).
(3) Dana used a Black-Scholes option value of $6.22 per share in calculating option grant value. Mercer's methodology (comparable to that used for peer analysis) valued options at $7.05.
Reflects annual LTI value for pay group 6 (executive was promoted in 2006); actual grants in 2005 were sign-on awards.
(4) Annualized over two years to align with the expected time to emergence of two years.

Exhibit 2 (Continued)
Nick Stanage

Dana Bankruptcy Scenario Payouts
Nick Stanage (Hired From Honeywell, 8/2005)

	Pre-Petition Compensation		Post-Petition Comp 2006		Market Data							Proposed
					Proxy Execs 4-5			Proxy Business Unit Heads (n=24)		Survey		
Compensation Element	Target	Maximum	Target	Maximum	Median	75th	Median	Median	75th	Median	75th	Approach
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Base Salary	336	336	336	336	422	519		519	632	383	504	336
Annual Incentive	168	336	336	672	440	600		522	672	244	387	336
Total Cash Compensation	**504**	**672**	**672**	**1,008**	**861**	**1,143**		**1,055**	**1,265**	**627**	**891**	**672**
Stock Options (1)	227	227	0	0	252	712		777	1,940	n/a	n/a	0
Restricted Stock	91	91	0	0	134	497		0	415	n/a	n/a	0
Performance Shares	136	272	0	0	353	616		598	756	n/a	n/a	0
Total LTI	454	590	0	0	1,062	1,658		1,795	2,596	718	1,199	0
Annualized Cash Completion Bonus (2)												400
Total Cash Completion Bonus 2-years												*800*
Total Direct Compensation	**958**	**1,262**	672	1,008	**1,890**	**2,747**	**1,476**	**2,778**	**3,991**	**1,346**	**2,090**	**1,072**
Loss in Annualized Compensation			(286)									

	Contractual Commitments	
	Value at Hire	Current Value (3)
Non-CIC Severance	504	0
SERP (4)	990	0
Make-Up New Hire Awards(5)		
Stock Options	353	0
RS/RSUs	270	
Performance Shares	80	0

(1) Dana used a Black-Scholes option value of $6.22 per share in calculating option grant value. Mercer's methodology (comparable to that used for peer analysis) valued options at $7.05.
Reflects annual LTI value for pay group 6 (executive was promoted in 2006); actual grants in 2005 were sign-on awards.
(2) Annualized over two years to align with the expected time to emergence of two years.
(3) Assumes equity has no value and non-qualified plans have no value.
(4) Estimated lump sum payment at age 62, per employment agreement.
(5) Value based on what was communicated to him in his term sheet; Mercer estimated the value of options to be $272,000, restricted stock at $226,000 and performance shares at $67,000.

Exhibit 3
Chief Executive Officers at Manufacturing Companies in Chapter 11 with more than $3.5 billion in sales

All monetary values stated in US$000s

								2005 Total LTIP			Emergence Bonus			
Company	2005 Revenue ($Mil)	Incumbent	Title	2005 Base Salary	Total Bonus (1)	% of Salary	Total Cash Comp'n (2)	Amount (3)	% of Salary	Total Direct Comp'n (4)	Total	Annualization Factor	Annualized	Total Remuneration
USG Corp	$5,139	Foote, W.	Chair & CEO	$978	$2,938	300%	$3,916	$0	0%	$3,916	$0		$0	$3,916
Federal-Mogul Corp. [7]	$6,286	Alapont, J.	Pres. & CEO	$1,500	$2,209	147%	$1,500	$0	0%	$1,500	$39,600	5	$7,920	$9,420
Calpine Corp [8]	$10,113	May, R.	CEO	$1,500	$0	0%	$1,500	$0	0%	$1,500	$12,000	2	$6,000	$7,500
Armstrong Holdings Inc	$3,558	Lockhart, M.	COB, CEO, AHI and AWI	$965	$1,186	123%	$2,151	$2,882	299%	$5,033	$0		$0	$5,033
Owens Corning	$6,323	Brown, D.	Pres. & CEO	$750	$2,856	381%	$2,856	$1,875	250%	$4,731	$0		$0	$4,731
Collins & Aikman [9]	$3,983	Macher, F.	Pres. & CEO	$750	$1,000	133%	$1,750	$0	0%	$1,750	$1,000	1	$1,000	$2,750
Estimated 2006 Compensation Levels (5):														
75th %ile	$6,314			$1,416	n/a	n/a	$2,771	n/a	n/a	$4,681				$7,117
50th %ile	**$5,713**			**$1,005**	**$1,755**	**140%**	**$2,017**	**n/a**	**n/a**	**$2,929**				**$5,048**
25th %ile	$4,272			$831	n/a	n/a	$1,616	n/a	n/a	$1,616				$4,260
Average	*$5,900*			*$1,110*	*$1,756*	*181%*	*$2,356*	*$820*	*91%*	*$3,176*				*$5,747*
Federal-Mogul Corp. 2003	$6,286	Macher, F.	Former Chairm:	$1,038	$2,190	211%	$2,190	$0	0%	$2,190				$2,190

Notes:

(1) Represents the bonus in the most recent year.
(2) Base salary plus bonus (both cash and deferred amounts).
(3) Estimated annualized option grant value using grant specific Black-Scholes multiples, plus restricted shares, performance shares, cash plans and other LTIPs.
(4) Total cash compensation plus LTIP.
(5) Estimates obtained by aging 2005 proxy data by 3.4% to estimate 2006 compensation levels.
(6) Reflects data disclosed in the most recent management information circular.
(7) Upon signing with the company Mr. Alapont received an $856,537 bonus for bonuses lost in accordance with leaving his former employer. Mr. Alapont's emergence bonus states he will receive 4% of the value of the reorganized company. For the purposes of this analysis, using accounting expenses, 4% of the value of the company was determined to be $39.6 million.
(8) In 2005, Robert May received a $2,000,000 signing bonus (not included in this analysis). As part of his employee contract, he will receive guaranteed minimum bonuses of $2,250.000 on Dec 31, 2006 and $1,500,000 on Dec 31, 2007 (not included in this analysis). Mr. May's 2005 annualized salary was $1,000,000. In 2006, his salary will be increased to $1,500,000. The 2006 salary was included in this analysis as it is indicative of future compensation. For the purpose of this analysis, Mr. May's emergence bonus was calculated assuming the maximum level of variable incentives was achieved. The emergence bonus is annualized over two years as his employee contract is two years.
(9) Mr. May joined the company on July 7, 2005. As part of his employment agreement he was guaranteed a $250,000 bonus every quarter for six quarters. His 2005 incentive bonus is annualized to reflect this.

Exhibit 3 (Continued)
Second and Third Highest Paid Executives at Manufacturing Companies in Chapter 11 with more than $3.5 billion in sales

All monetary values stated in US$000s

Company	2005 Revenue ($Mil)	Incumbent	2005 Base Salary	2005 Bonus: Incentive (1)	2005 Bonus: Retention (1)	2005 Bonus: Total Bonus (1)	2005 Bonus: % of Salary	Total Cash Comp'n (2)	2005 Total LTIP: Amount (3)	2005 Total LTIP: % of Salary	Total Direct Comp'n (4)
USG Corp (7)	$5,139	Fleming, R.	$480	n/a	n/a	$1,114	232%	$1,594	$0	0%	$1,594
Federal-Mogul Corp.	$6,286	Lynch, M.	$550	$1,032	$227	$1,258	229%	$1,582	$0	0%	$1,582
Calpine Corp (8)	$10,113	Davido, S,	$700	n/a	n/a	$0	0%	$700	$0	0%	$700
Armstrong Holdings Inc	$3,558	Senkowski, S.	$545	n/a	n/a	$868	159%	$545	$1,058	194%	$1,603
Owens Corning	$6,323	Thaman, M.	$650	$1,173	$650	$1,823	281%	$1,823	$1,593	245%	$3,416
USG Corp (7)	$5,139	Metcalf, J.	$447	n/a	n/a	$1,031	231%	$1,478	$0	0%	$1,478
Federal-Mogul Corp.	$6,286	Schmelzer, W.	$508	n/a	n/a	$952	188%	$1,459	$0	0%	$1,459
Calpine Corp (9)	$10,113	Macias, J.	$538	n/a	n/a	$0	0%	$538	$0	0%	$538
Armstrong Holdings Inc	$3,558	Grasberger, III, F.	$450	n/a	n/a	$1,020	227%	$1,470	$753	167%	$2,223
Owens Corning	$6,323	Kiemle, G.	$320	$417	$286	$703	220%	$1,024	$439	137%	$1,462
Estimated 2006 Compensation Levels (5):											
75th %ile	$6,323		$567	n/a			230%	$1,609	n/a	n/a	$1,655
50th %ile	**$6,286**		**$541**	**$1,067**			**223%**	**$1,514**	**$0**	**0%**	**$1,582**
25th %ile	$5,139		$473	n/a			166%	$807	n/a	n/a	$1,509
Average	*$6,284*		*$536*	*$904*			*177%*	*$1,263*	*$397*	*74%*	*$1,660*

Notes:

(1) Represents the bonus in the most recent year.

(2) Base salary plus bonus (both cash and deferred amounts).

(3) Estimated annualized option grant value using grant specific Black-Scholes multiples, plus restricted shares, performance shares, cash plans and other LTIPs.

(4) Total cash compensation plus LTIP.

(5) Estimates obtained by aging 2005 proxy data by 3.4% to estimate 2006 compensation levels.

(6) Reflects data disclosed in the most recent management information circular.

(7) Incentive bonus includes awards from key employee retention program.

(8) On January 30, 2006, Mr. Davido joined the company and received a $500,000 signing bonus. He is eligible for an annual cash bonus valued at between 0% and 150% of his annual base salary. For the years 2006 and 2007, Mr. Davido's minimum bonus is set at $700,000. Upon emergence Mr. Davido shall be granted a success fee. The fee shall entail a $1.5 million fixed component and a variable component based on performance.

(9) E. James Macias received $375,001 in RSUs and 225,000 options in 2005. These were not included in the analysis as they are not indicative of current and future compensation. 50% of the RSUs vest if the 50% of the RSUs vest if the company's stock price remains above $5 for 4 consecutive trading daays. The remaining 50% vest if the stock price remains above $10 for four consecutive trading days.

Exhibit 3 (Continued)

Fourth and Fifth Highest Paid Executives at Manufacturing Companies in Chapter 11 with more than $3.5 billion in sales

All monetary values stated in US$000s

				2005 Bonus					2005 Total LTIP		
Company	2005 Revenue ($Mil)	Incumbent	2005 Base Salary	Incentives (1)	Retention (1)	Total Bonus (1)	% of Salary	Total Cash Comp'n (2)	Amount (3)	% of Salary	Total Direct Comp'n (4)
USG Corp (7)	$5,139	Bosowski, E.	$405	n/a	n/a	$939	232%	$1,344	$0	0%	$1,344
Federal-Mogul Corp.	$6,286	Randazzo, R.	$422	$792	$175	$967	229%	$1,214	$0	0%	$1,214
Calpine Corp (8)	$10,113	Mason, T.	$538	n/a	n/a	$0	0%	$538	$0	0%	$538
Armstrong Holdings Inc	$3,558	Rigas, J.	$379	n/a	n/a	$528	139%	$379	$516	136%	$895
Owens Corning	$6,323	High, J.	$325	$652	$325	$977	301%	$977	$439	135%	$1,416
USG Corp (7)	$5,139	Ferguson, S.	$380	$880		$880	232%	$1,260	$0	0%	$1,260
Federal-Mogul Corp.	$6,286	Felicelli, J.	$440	$697	$185	$883	201%	$1,323	$0	0%	$1,323
Calpine Corp (9)	$10,113	Posoli, P.	$410	n/a	n/a	$0	0%	$410	$0	0%	$410
Armstrong Holdings Inc	$3,558	Rodruan, W.	$278	n/a	n/a	$261	94%	$540	$253	91%	$793
Owens Corning	$6,323	Johns, D.	$368	$442	$276	$718	195%	$1,086	$496	135%	$1,582
Estimated 2006 Compensation Levels (5):											
75th %ile	$6,323		$433	n/a			231%	$1,291	n/a	n/a	$1,384
50th %ile	**$6,286**		**$406**	**$721**			**198%**	**$1,066**	**$0**	**0%**	**$1,279**
25th %ile	$5,139		$383	n/a			105%	$557	n/a	n/a	$846
Average	*$6,284*		*$408*	*$716*			*162%*	*$938*	*$176*	*50%*	*$1,114*

Notes:

* 2005 proxy data not available. Estimate obtained by aging 2004 proxy data by 3.4% to estimate 2005 compensation levels.

(1) Represents the bonus in the most recent year.
(2) Base salary plus bonus (both cash and deferred amounts).
(3) Estimated annualized option grant value using grant specific Black-Scholes multiples, plus restricted shares, performance shares, cash plans and other LTIPs.
(4) Total cash compensation plus LTIP.
(5) Estimates obtained by aging 2005 proxy data by 3.4% to estimate 2006 compensation levels.
(6) Reflects data disclosed in the most recent management information circular.
(7) Incentive bonus includes awards from key employee retention program.
(8) Thomas R. Mason received $375,001 in RSUs and 200,000 options in 2005. These were not included in the analysis as they are not indicative of current and future compensation. 50% of the RSUs vest if the company's stock price remains above $5 for four consecutive trading days. The remaining 50% vest if the stock price remains above $10 for four consecutive trading days
(9) Paul Posoli received 200,000 options in 2005. These were not included in the analysis as they are not indicative of current and future compensation.

Exhibit 4

Comparison of Dana CEO Pay Program to the Peer Group and Chapter 11 manufacturing Companies

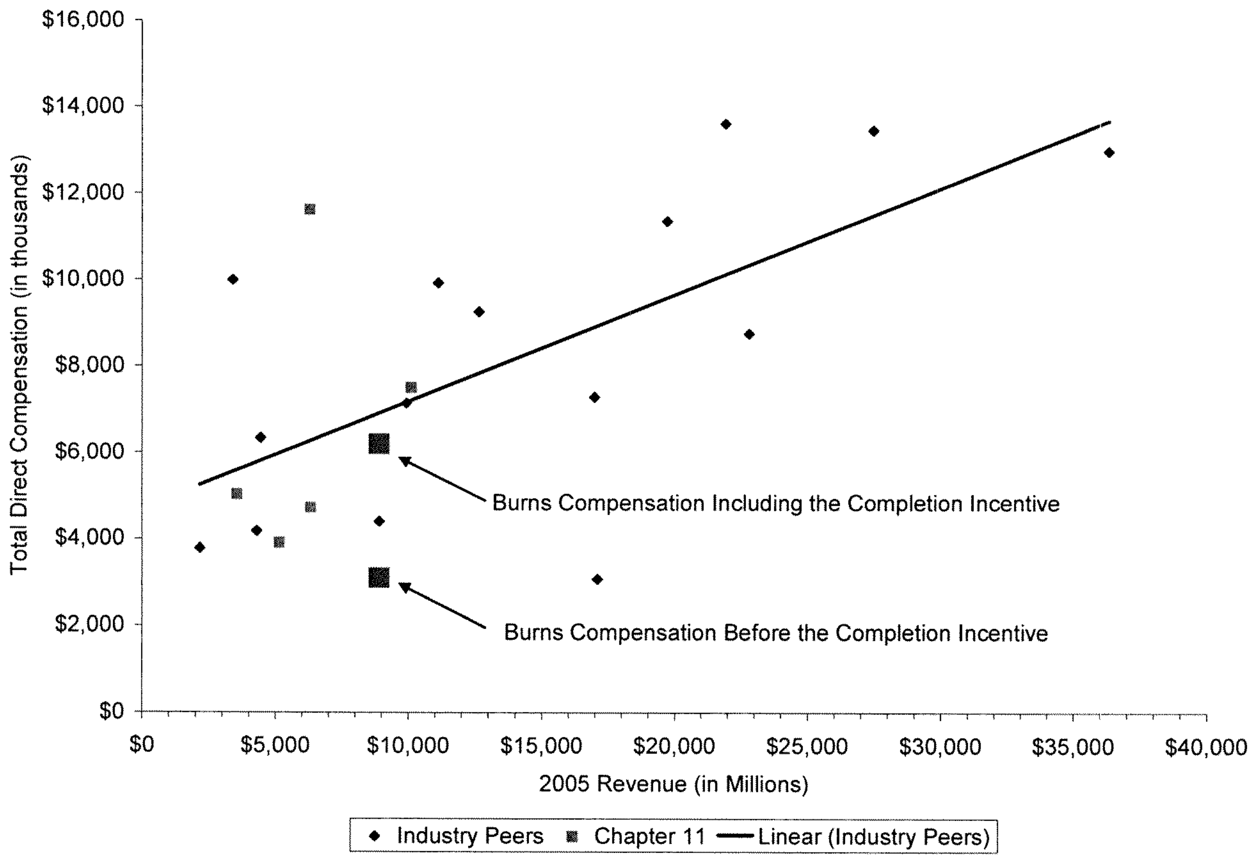

Exhibit 5
Pre-October Plans

Solutia, Inc.

Sales at filing: $2.2B
Chemicals
Filed: 12/17/03

- Emergence Bonus Program
  - Eligibility for CEO and 5 direct reports
  - Funded from a pool with a maximum of $7.5 million; an officer was since added to the program, with a target bonus of $500,000 in addition to the pool value
  - Performance Measures
    - 25% allocation for achieving target EBITDA (115% of plan)
    - 25% allocation for achieving target enterprise value ($2.3 billion)
    - 50% allocation for achieving target unsecured creditor recoveries (87.5%)
- Key Employee Retention Program
  - 190 employees are eligible, excluding certain members of senior management (i.e. CEO), with retention multiples between 25% and 100%
  - Expected cost is approximately $15 million
  - 25% was paid on June 30, 2004, 25% paid on December 31, 2004, and the remaining 50% are contingent upon confirmation of a restructuring plan and emergence

Hayes-Lemmerz International, Inc.

Sales at filing: $2.2B
Automotive
Filed: 12/5/01
Emerged: 6/3/03

- Critical Employee Retention Plan (granted May 28, 2002)
  - Eligible Employees
    - Tier One: CEO and 12 other executives
    - Tier Two: 73 critical employees, primarily consisting of Plant Managers and Directors

	Retention Bonus	Restructuring Performance Bonus
Tier 1	80%-240% of salary	Aggregate 0.23% to 2.34% of TEV*
Tier 2	42%-80% of salary	
Maximum Total Cost	$8.5 million	$37.5 million

  - Retention Bonus
  - Restructuring Performance Bonus
    - Intended to replace stock options that Tier One employees would have received under the long-term incentive plan
    - Payout occurs if Hayes' total enterprise value equals or exceeds $900 million on the effective date
  - Retention bonus is reduced by amounts for the same period received per employment agreement; performance bonus is reduced by retention bonus amounts per plan or employment agreement
- At emergence, Hayes granted 3.74% and 10.85% of CSO to the Top 5 and all employees, respectively

* "TEV "is defined as total enterprise value

Worldcom, Inc.
Key Employee Retention Plan *(granted October 29, 2002)*

Sales at filing: $30.0B
Telecommunications
Filed: 12/5/01
Emerged: 4/20/04

- Eligibility is limited to 329 “Key Employees,” and excludes the four most senior executives
- Stay Bonus
  - Pays out incrementally on three target dates, the third of which pays 50% of the bonus 60 days after confirmation of reorganization plan
  - Target bonus range is 35%-65% of base salary, subject to a maximum payout of $125,000
- Plan Progress Bonus
  - If the Key Employee remains employed until after the reorganization plan confirmation, that individual will receive an additional 10% of the Stay Bonus
- Total cost of plan is approximately $25 million, including a $2.5 million discretionary pool

Plan Confirmation Date	Payout % of Stay Bonus
December, 2003	100%
November, 2003	150%
October, 2003	200%
September, 2003	250%

Worldcom, Inc. (cont'd)

CEO Employment Agreement *(December 17, 2002)*

- Worldcom's initial proposal to compensate its incoming CEO, Michael Capellas, included an emergence grant of restricted stock award with a value of $18 million
  - The award was to vest ratably over three years, beginning December 31, 2002
  - Mr. Capellas was also to receive stock option grants at emergence, the amount of which was at the discretion of the Board at that time (a previous agreement provided a minimum grant of $8 million, but it was not submitted to the Bankruptcy Court in the interest of time)
- A revised proposal was submitted on December 16 and approved by the court the following day, which decreased the emergence grant value to $12 million
  - When a sufficient number of shares have been granted to cover taxes resulting from vesting, 75% of the remaining shares will be restricted to resale until 6 months after Mr. Capellas' termination with the company
    - With prior consent, awards may be made as restricted deferred stock units rather than restricted stock
  - For each full calendar year following the calendar year of emergence, Mr. Capellas is eligible for a performance-based equity award equal to two times base salary plus target annual bonus
  - At emergence and in each following calendar year, Mr. Capellas will be eligible to receive annual stock option grants, to be determined by the Board

Post-October Plans

Musicland Holding Corp.

MIP *(granted March 27, 2006)* and Supplemental Incentive Plan

Sales at filing: $1.4B
Private - Retail
Filed: 1/12/06

- Modified Corporate MIP granted to compensate for the lack of a 2006 Corporate MIP payout
  - Corporate MIP performance targets are based on corporate EBITDA
  - Incentive targets range from 8% to 50% of salary
  - For 2006, employees will receive 25% of Corporate MIP Target Bonuses under the Modified Corporate MIP
  - Discretionary pool of no more than $665,000 established to fund payouts
- Supplemental Incentive Plan*
  - Five executives are eligible for success payments from a $1 million pool
    - Chief Executive Officer
    - Chief Financial Officer
    - Chief Merchandising Officer
    - Chief Information Officer
    - General Counsel
  - A separate pool of $200,000 will be established for additional management employees, at the discretion of the CEO
  - Payments are conditional upon the earlier of:
    - Closing of a sale of substantially all of the Debtor's assets, or
    - Implementation of a Chapter 11 plan of reorganization

Calpine Corporation
Post-Filing Executive Employment Agreements

	Total Cost
▪ On December 20, 2005, the Calpine Board of Directors approved an employment agreement for Robert May, the incoming Chief Executive Officer	
– In addition to a signing bonus, the agreement stipulates minimum performance bonuses for 2006 and 2007 of $2.25 million and $1.5 million, respectively	$3.7M
– Mr. May will be eligible for a success bonus of $12 million when a court-approved plan of reorganization becomes effective during his tenure, or within 12 months of termination (by Mr. May for good cause or by the company without cause)	$12M
▪ On January 30, 2006, the Board approved an employment agreement for Scott Davido, the incoming Chief Financial Officer, with provisions contingent upon Bankruptcy Court approval	
– In addition to a signing bonus, the agreement provides for a minimum annual performance bonus of $700,000 for 2006 and 2007	$1.4M
– Mr. Davido will be eligible for a success bonus (which has yet to be agreed upon with the company and approved by the court) that is contingent upon the confirmation and implementation of a plan of reorganization during his tenure or within 12 months of termination (by Mr. Davido for good cause or by the company without cause)	TBD

Calpine Corporation

Incentive Program (Court Date April 26, 2006)

- The program provides four plans tied to the achievement of estate AEV and meeting restructuring objectives
- **The Emergence Incentive Plan** includes 20 senior executives and provides cash awards contingent upon emergence from Chapter 11 that are variable upon adjusted enterprise value. Threshold performance of AEV of $5B results in an incentive pool of $5.45M, with a target of $8B and a pool of $14M. The target pool was calculated from 80% of SVP salaries and 150% of EVP salaries for a 2-year period — **$14M**
- **The Management Incentive Plan** covers 600 employees. During the first performance period, the goals are the delivery of a business plan by June, 2006, improvement of cash flow, and achievement of headcount and cost reduction goals, as well as a working capital target. The estimated cost at target for 2006 is $23.6 million, with payments made only if objectives are met — **$23.6M**
- **The Supplemental Bonus Plan** applies to employees at or below the Vice President level that perform a critical function and are at high risk of attrition. The aggregate cost of the plan is $6 million — **$6M**
- **The Discretionary Bonus Plan** provides for an annual bonus pool of $500,000, under which no more than $25,000 per individual may be awarded, at the discretion of the CEO — **$.5M**

Total Disclosed: $61.2M

Calpine Corporation

Severance Program *(granted March 1, 2006)*

Sales at filing: $9.2B
Utilities
Filed: 12/20/05

- Broad-based program applicable to all employees (3,000 at the time of filing)
- Compensation is in the form of salary continuation, rather than a lump-sum payment
- Benefit varies by level:
  - EVPs/SVPs (33): 39 weeks' base salary continuation
  - VPs (88): 26 weeks' base salary continuation
  - Directors and Managers (586): 17 weeks' base salary continuation
  - All other employees (2,359): 2 weeks' base salary continuation per year of service, at a minimum of 4 weeks and a maximum of 12 weeks
- A 10% across-the-board reduction in force would result in a cost of $10.8 million over a two-year period, and an estimated savings of $57 million over the same period

Collins & Aikman

Senior Management Compensation *(granted September 12, 2006)*

Sales at filing: $3.9B
Automotive
Filed: 5/17/05

- Makes adjustments and additions to CEO and senior management compensation, in order to attract qualified individuals
- Guarantees a bonus of up to 50% of base salary for the first year, with following years' bonuses contingent upon EBITDA
- Provides severance payment of 12 months' salary
- Provides for the creation of an incentive compensation pool, the value of which is determined by post-reorganization enterprise value or aggregate transaction value
  - Minimum pool funding of $5M will be available if the enterprise or transaction value is greater than or equal to $1.2B
  - Pool increases 1.5% of each additional $1M in enterprise or transaction value up to $1.5B
  - Pool increases 3.1% of each additional $1M in value, between $1.5B and $2.0B
  - Pool increases 4.0% for each additional $1M in value, above $2B
  - 20% of the total pool value is allocable to the CEO; plan provides for CEO payout of $12.5M if enterprise/transaction value is $2B
  - Maximum pool value is $35M