

DANA INC
Form DEF 14A
March 22, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

(AMENDMENT NO.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to Section 240.14a-12

DANA INCORPORATED

(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

(NAME OF PERSON(S) FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

Payment of Filing Fee (Check the appropriate box):

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Dana Incorporated
Proxy Statement and Notice of
2018 Annual Meeting of Shareholders
Our Proxy Statement and Annual Report
are Available at www.dana.com/proxy

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Dana Incorporated

3939 Technology Drive

Maumee, Ohio 43537

March 22, 2018

Dear Fellow Shareholder:

It is our pleasure to invite you to attend the 2018 Annual Meeting of Shareholders of Dana Incorporated at 8:30 a.m., Eastern Time, on Thursday, April 26, 2018 at our World Headquarters located at 3939 Technology Drive, Maumee, Ohio 43537. Registration will begin at 7:30 a.m., Eastern Time.

The annual report, which is included in this package, summarizes Dana's major developments and includes our consolidated financial statements.

Whether or not you plan to attend the 2018 Annual Meeting of Shareholders, please either sign and return the accompanying proxy card in the postage-paid envelope or instruct us by telephone or via the Internet indicating how you would like your shares voted. Instructions on how to vote your shares by telephone or via the Internet are on the proxy card enclosed with this proxy statement.

Sincerely,

Keith E. Wandell
Chairman of the Board of Directors

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Dana Incorporated

Notice of Annual Meeting of Shareholders

March 22, 2018

Date:	April 26, 2018
Time:	8:30 a.m., Eastern Time
Place:	Dana Incorporated
	World Headquarters
	3939 Technology Drive
	Maumee, Ohio 43537

We invite you to attend the Dana Incorporated 2018 Annual Meeting of Shareholders to:

1. Elect eight Directors for a one-year term expiring in 2019 or upon the election and qualification of their successors;
2. Act on an advisory vote to approve executive compensation;
3. Ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2018;
4. Approve amending the Second Restated Certificate of Incorporation to eliminate supermajority voting requirements;
5. Consider a shareholder proposal regarding special shareholder meetings, if properly presented at the Annual Meeting; and
6. Transact any other business that is properly submitted before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

The record date for the Annual Meeting is February 26, 2018 (the Record Date). Only shareholders of record at the close of business on the Record Date can vote at the Annual Meeting. Dana mailed this Notice of Annual Meeting or a Notice of Availability of Proxy Materials to those shareholders. Action may be taken at the Annual Meeting on any of the foregoing proposals on the date specified above or any date or dates to which the Annual Meeting may be adjourned or postponed.

Dana will have a list of shareholders who can vote available for inspection by shareholders at the Annual Meeting and, for 10 days prior to the Annual Meeting, during regular business hours at Dana's Law Department, 3939 Technology Drive, Maumee, Ohio 43537.

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Whether or not you plan to attend the Annual Meeting and whether you own a few or many shares of stock, the Board of Directors urges you to vote promptly. Registered holders may vote by signing, dating and returning the enclosed proxy card, by using the automated telephone voting system, or by using the Internet voting system. You will find instructions for voting by telephone and by the Internet on the proxy card and in the Questions and Answers section of the proxy statement. If you wish to attend the Annual Meeting in person, you must register in advance. Please vote your proxy, then follow the instructions in the Questions and Answers section below.

By Order of the Board of Directors,

March 22, 2018

Douglas H. Liedberg
Senior Vice President, General Counsel, and Corporate Secretary

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Dana Incorporated

3939 Technology Drive

Maumee, Ohio 43537

2018 PROXY STATEMENT

QUESTIONS AND ANSWERS

The Board of Directors is soliciting proxies to be used at the Annual Meeting of Shareholders to be held on Thursday, April 26, 2018, beginning at 8:30 a.m., Eastern Time, at our World Headquarters located at 3939 Technology Drive, Maumee, Ohio 43537. This proxy statement and the enclosed form of proxy are being made available to shareholders beginning March 22, 2018.

What is a proxy?

A proxy is your authorization for someone else to vote for you in the way that you want to vote. When you complete and submit a proxy card or use the automated telephone voting system or the Internet voting system, you are submitting a proxy. Dana's Board of Directors is soliciting this proxy. All references in this proxy statement to "you" will mean you, the shareholder, and to "yours" will mean the shareholder's or shareholders', as appropriate.

What is a proxy statement?

A proxy statement is a document the United States Securities and Exchange Commission (the SEC) requires to explain the matters on which you are asked to vote on by proxy and to disclose certain related information. This proxy statement and the accompanying proxy card were first mailed to the shareholders on or about March 22, 2018.

What is the purpose of the Annual Meeting?

At our Annual Meeting, shareholders will act upon the matters outlined in the notice of meeting, including i) the election of directors; ii) an advisory vote on executive compensation; iii) ratification of the appointment of Dana's independent registered public accounting firm; iv) amending the Second Restated Certificate of Incorporation (the Certificate of Incorporation) to eliminate supermajority voting requirements; and v) a shareholder proposal, if properly presented at the Annual Meeting. Also, management will report on the state of Dana and respond to questions from shareholders.

What is the record date and what does it mean?

The record date for the Annual Meeting is February 26, 2018 (the Record Date). The Record Date was established by the Board of Directors as required by Delaware law. Holders of our common stock at the close of business on the Record Date are entitled to receive notice of the meeting and to vote at the meeting and any adjournments or postponements of the meeting.

Who is entitled to vote at the Annual Meeting?

Holders of our common stock at the close of business on the Record Date may vote at the meeting. On February 26, 2018, 145,233,661 shares of our common stock were outstanding, and accordingly, are eligible to be voted.

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What are the voting rights of the holders of common stock?

Each outstanding share of common stock will be entitled to one vote on each matter to be voted upon.

What is the difference between a shareholder of record and a street name holder?

If your shares are registered directly in your name, you are considered the shareholder of record with respect to those shares.

If your shares are held in a stock brokerage account or by a bank or other nominee, then the brokerage firm, bank or other nominee is considered to be the shareholder of record with respect to those shares. However, you still are considered the beneficial owner of those shares, and your shares are said to be held in street name. Street name holders generally cannot vote their shares directly and must instead instruct the brokerage firm, bank or other nominee how to vote their shares. See "How do I vote my shares?" below.

How do I vote my shares?

If you are a shareholder of record as of February 26, 2018, as opposed to a street name holder, you will be able to vote in four ways: In person, by telephone, by the Internet, or by proxy card.

To vote by proxy card, sign, date and return the enclosed proxy card. To vote by using the automated telephone voting system or the Internet voting system, the instructions for shareholders of record are as follows:

TO VOTE BY TELEPHONE: 866-883-3382

Use any touch-tone telephone to vote your proxy.

Have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available when you call.

Follow the simple instructions the system provides you.

You may dial this toll-free number at your convenience, 24 hours a day, 7 days a week. The deadline for telephone voting is 11:59 p.m. (ET) on April 25, 2018.

(OR)

TO VOTE BY THE INTERNET: www.proxypush.com/DAN

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Use the Internet to vote your proxy.

Have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available when you access the website.

Follow the simple instructions to obtain your records and create an electronic ballot.

You may log on to this Internet site at your convenience, 24 hours a day, 7 days a week. The deadline for Internet voting is 11:59 p.m. (ET) on April 25, 2018.

If you submit a proxy to Dana before the Annual Meeting, the persons named as proxies will vote your shares as you directed. If no instructions are specified, the proxy will be voted: i) FOR all of the listed director nominees; ii) FOR approval of the advisory vote on executive compensation; iii) FOR ratification of PricewaterhouseCoopers LLP as the independent registered public accounting firm; iv) FOR amending the Certificate of Incorporation to eliminate supermajority voting requirements; and v) AGAINST the shareholder proposal.

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You may revoke a proxy at any time before the proxy is exercised by:

- (1) delivering written notice of revocation to the Corporate Secretary of Dana at the Dana Law Department, 3939 Technology Drive, Maumee, Ohio 43537;
- (2) submitting another properly completed proxy card that is later dated;
- (3) voting by telephone at a subsequent time;
- (4) voting by Internet at a subsequent time; or
- (5) voting in person at the Annual Meeting.

If you hold your shares in street name, you must provide voting instructions for your shares in the manner prescribed by your brokerage firm, bank or other nominee. Your brokerage firm, bank or other nominee has enclosed or otherwise provided a voting instruction card for you to use in directing the brokerage firm, bank or other nominee how to vote your shares. If you hold your shares in street name and you want to vote in person at the Annual Meeting, you must obtain a legal proxy from your broker and present it at the Annual Meeting. You will also need to provide to us a brokerage statement if you intend to attend the Annual Meeting.

What is a quorum?

There were 145,233,661 shares of Dana's common stock issued and outstanding on the Record Date. A majority of the issued and outstanding shares or 72,616,831 shares, present or represented by proxy, constitutes a quorum. A quorum must exist to conduct business at the Annual Meeting.

Will my shares be voted if I do not provide my proxy?

For shareholders of record: If you are the shareholder of record and you do not vote by proxy card, by telephone or via the Internet or in person at the Annual Meeting, your shares will not be voted at the Annual Meeting.

For holders in street name: If your shares are held in street name, your shares may be voted even if you do not provide the brokerage firm with voting instructions. Under New York Stock Exchange (NYSE) rules, your broker may vote shares held in street name on certain routine matters. The NYSE rules consider the ratification of the appointment of our independent registered public accounting firm to be a routine matter. As a result, your broker is permitted to vote your shares on this matter at its discretion without instruction from you.

When a proposal is not a routine matter, such as the election of directors, the advisory vote on executive compensation, amending the Certificate of Incorporation and the shareholder proposal, and you have not provided voting instructions to the brokerage firm with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. The missing votes for these non-routine matters are called broker non-votes. Broker non-votes will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but not as shares present and voting on a specific proposal.

What vote is required?

Proposal 1 Election of Directors: If a quorum exists, the election requires a plurality vote of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote, meaning that the director nominees with the most affirmative votes are elected to fill the available seats. As outlined in our Bylaws, regardless of this plurality vote any director who receives more withheld votes than for votes in an uncontested election is required to tender his or her resignation to the Board for consideration in accordance with the procedures set forth in the Bylaws. Our Nominating and Corporate Governance Committee will then evaluate the best interests of Dana and its shareholders and will recommend to the Board the action to be taken with respect to the tendered resignation. Following the Board's determination, Dana will promptly publicly disclose the Board's decision of whether or not to accept the resignation and an explanation of how the decision was reached, including, if applicable, the reasons for rejecting the resignation. Broker non-votes will not be counted as eligible to vote and, therefore, will have no effect on the outcome of the voting.

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Proposal II Advisory Vote on Executive Compensation: The proposal represents an advisory vote and the results will not be binding on the Board or Dana. If a quorum exists, the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the matter will constitute the shareholders' non-binding approval with respect to our executive compensation programs. Therefore, abstentions will have the same effect as voting against the proposal. Broker non-votes will not be counted as eligible to vote on the proposal and, therefore, will have no effect on the outcome of the voting on the proposal. The Board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Proposal III Ratification of the Appointment of the Independent Registered Public Accounting Firm: If a quorum exists, the proposal to ratify the appointment of the independent registered public accounting firm must receive the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal. Therefore, abstentions will have the same effect as voting against the proposal. Brokers will have discretionary voting power to vote this proposal so we do not anticipate any broker non-votes (described above).

Proposal IV Amend the Certificate of Incorporation to Eliminate Supermajority Voting Requirements: If a quorum exists, the proposal must receive the affirmative vote of 66 2/3% of the outstanding capital stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal. Therefore, abstentions will have the same effect as voting against the proposal. Broker non-votes will not be counted as eligible to vote on the proposal and, therefore, will have no effect on the outcome of the voting on the proposal.

Proposal V Shareholder Proposal: The shareholder proposal will be voted on at the Annual Meeting only if properly presented by or on behalf of the shareholder proponent. If a quorum exists, the shareholder proposal must receive the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal. Therefore, abstentions will have the same effect as voting against the proposal. Broker non-votes will not be counted as eligible to vote on the proposal and, therefore, will have no effect on the outcome of the voting on the proposal.

Dana will vote properly completed proxies it receives prior to the Annual Meeting in the way you direct. If you do not specify how you want your shares voted, they will be voted in accordance with the Board's recommendations. If you hold shares in more than one account, you must vote each proxy and/or voting instruction card you receive to ensure that all shares you own are voted. No other matters are currently scheduled to be presented at the Annual Meeting. An independent third party, Equiniti Trust Company (formerly Wells Fargo Bank, N.A.), will act as the inspector of the Annual Meeting and the tabulator of votes.

How do I attend the annual meeting?

All shareholders as of the Record Date, or their duly appointed proxies, may attend the Annual Meeting. You must pre-register to attend. Please contact Dana Shareholder Services by email at InvestorRelations@dana.com or by telephone at 1-800-537-8823 providing your name, address, telephone number with area code, and note that you plan to attend the annual meeting. Dana will independently verify the status of shareholders of record as of the Record Date. Beneficial Shareholders must provide evidence of share ownership to Dana Shareholder Services.

Beneficial Shareholders Those shareholders that hold their shares in street name must contact their brokerage firm, bank or other nominee and obtain a legal proxy in order to attend the meeting and vote their shares in person. Generally, there will be a box that you can check on the voting instruction card or website to indicate that you wish to attend and vote your shares at the annual meeting. You must provide a copy of the legal proxy to Dana Shareholder Services as definitive proof of ownership as of the Record Date in order to attend the meeting and to vote your shares in person.

If a beneficial shareholder does not obtain a legal proxy, but still wants to attend the annual meeting (and not vote their shares in person), you may provide other evidentiary material, such as broker statements, trade advices

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or a letter from your broker proving ownership as of the Record Date. Dana reserves the right to restrict admission if evidentiary material is not definitive proof of proper and timely ownership.

Dana will maintain a list of verified shareholders at the Annual Meeting of Shareholders. To gain admission at the meeting, you must present government-issued photo identification that matches the name on the pre-registration list.

Annual meeting pre-registration requests must be received by the end of business on Wednesday, April 25, 2018.

Seating is limited and admission is on a first-come basis.

Who pays for the costs of the Annual Meeting?

Dana pays the cost of preparing and printing the proxy statement and soliciting proxies. Dana will solicit proxies primarily by mail, but may also solicit proxies personally and by telephone, the Internet, facsimile or other means. Dana will use the services of D.F. King & Co., Inc., a proxy solicitation firm, at a cost of approximately \$12,500 plus out-of-pocket expenses and fees for any special services. Officers and regular employees of Dana and its subsidiaries may also solicit proxies, but they will not receive additional compensation for soliciting proxies. Dana also will reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their out-of-pocket expenses for forwarding solicitation materials to beneficial owners of Dana's common stock.

How can shareholders propose business (other than nominations) for consideration by shareholders at the 2019 Annual Meeting of Shareholders?

Proposals to be Considered for Inclusion in Dana's Proxy Materials Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act), we must receive shareholder proposals by November 22, 2018 to consider them for inclusion in our proxy materials for the 2019 Annual Meeting of Shareholders. A shareholder submitting a proposal for inclusion in our proxy materials must comply with Rule 14a-8.

Other Proposals for Consideration at the 2019 Annual Meeting A shareholder who intends to propose an item of business at the 2019 Annual Meeting of Shareholders (not for inclusion in our proxy materials) must comply with the requirements set forth in our Bylaws. Under Dana's Bylaws, our shareholders must provide advance notice to Dana in such cases. For the 2019 Annual Meeting of Shareholders, notice must be received by Dana's Corporate Secretary no later than the close of business on January 26, 2019 and no earlier than the open of business on December 27, 2018.

If Dana moves the 2019 Annual Meeting of Shareholders to a date that is more than 25 days before or after the date which is the one-year anniversary of this year's Annual Meeting date (*i.e.*, April 26, 2018), Dana must receive your notice no later than the close of business on the 10th day following the day on which notice of the meeting date is first distributed to shareholders or Dana makes a public announcement of the meeting date, whichever occurs first.

Under Dana's Bylaws, the notice of proposed business must include a description of the business and the reasons for bringing the proposed business to the meeting, any material interest of the shareholder in the business and certain other information about the shareholder. Dana's Bylaws specifying the advance notice and additional requirements for submission of shareholder proposals are available on Dana's website at www.dana.com.

How can shareholders nominate individuals for election as directors for consideration by shareholders at the 2019 Annual Meeting of Shareholders?

Director Nominations for Inclusion in Dana's Proxy Materials (Proxy Access) Pursuant to Dana's Bylaws, a shareholder (or a group of up to 20 shareholders) who has continuously owned at least 3% of our shares for at least three years and has complied with the other requirements of our Bylaws may nominate and include in

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Dana's proxy materials director nominees constituting up to 25% of Dana's Board. Notice of a proxy access nomination for consideration at the 2019 Annual Meeting must be received no later than the close of business on November 22, 2018 and no earlier than the open of business on October 23, 2018.

Other Nominations for Consideration at the 2019 Annual Meeting A shareholder who intends to nominate a person for election as a director at the 2019 Annual Meeting of Shareholders (other than under proxy access) must comply with the requirements set forth in our Bylaws. Under Dana's Bylaws, our shareholders must provide advance notice to Dana in such cases. For the 2019 Annual Meeting of Shareholders, notice must be received by Dana's Corporate Secretary no later than the close of business on January 26, 2019 and no earlier than the open of business on December 27, 2018.

If Dana moves the 2019 Annual Meeting of Shareholders to a date that is more than 25 days before or after the date which is the one-year anniversary of this year's Annual Meeting date (*i.e.*, April 26, 2018), Dana must receive your notice no later than the close of business on the 10th day following the day on which notice of the meeting date is first distributed to shareholders or Dana makes a public announcement of the meeting date, whichever occurs first.

In All Cases Whether a nomination is made under our proxy access bylaw or under our advance notice bylaw, a shareholder's notice to nominate individuals for election to the Board of Directors must provide information about the shareholder and the nominee, as well as the written consent of the proposed nominee to being named in the proxy statement and to serve as a director if elected. Dana's Bylaws specifying the proxy access, advance notice and additional requirements for submission of nominations are available on Dana's website at www.dana.com.

Where should shareholders send proposals for business and director nominations for consideration at the 2019 Annual Meeting of Shareholders?

All shareholder nominations of individuals for election as directors or proposals of other items of business to be considered by shareholders at the 2019 Annual Meeting of Shareholders must be submitted in writing to our Corporate Secretary, Dana Incorporated, 3939 Technology Drive, Maumee, Ohio 43537.

How many of Dana's directors are independent?

Dana's Board of Directors has determined that nine of Dana's ten current directors are independent and seven out of the eight directors being nominated for election are independent. For a discussion of the Board of Directors' basis for this determination, see the section of this proxy statement entitled "Director Independence and Transactions of Directors with Dana."

Does Dana have a Code of Ethics?

Yes, Dana has *Standards of Business Conduct for Employees*, which applies to employees and agents of Dana and its subsidiaries and affiliates, as well as *Standards of Business Conduct for Members of the Board of Directors*. The *Standards of Business Conduct for Employees* and *Standards of Business Conduct for Members of the Board of Directors* are available on Dana's website at www.dana.com.

Is this year's proxy statement available electronically?

Yes. You may view this proxy statement and the proxy card, as well as the 2017 Annual Report, electronically by going to our website at www.dana.com/proxy and clicking on the document you wish to view, either the proxy statement and proxy card or annual report.

How can I find the results of the Annual Meeting?

Preliminary results will be announced at the Annual Meeting. Final results will be published in a Current Report on Form 8-K to be filed with the SEC within four business days after the Annual Meeting. If the official results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.

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A copy of Dana's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC, may be obtained without charge upon written request to the Corporate Secretary, Dana Incorporated, 3939 Technology Drive, Maumee, Ohio 43537.

The proxy statement and Dana's annual report to shareholders are available on our website at www.dana.com/proxy.

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Following are the names and ages of the executive officers of Dana, their positions with Dana and summaries of their backgrounds and business experience. Our executive officers are those individuals who serve on Dana's Executive Leadership Team. All executive officers are elected or appointed by the Board of Directors and hold office until the annual meeting of the Board of Directors following the annual meeting of shareholders in each year.

Name	Age as of February 26, 2018	Principal Occupation and Business	Executive Officer	
		Experience During Past 5 Years	Year	Status
Aziz S. Aghili	59	President of Off-Highway Drive and Motion Systems (since July 2011), Dana Incorporated.	2011	Present
Jonathan M. Collins	38	Executive Vice President and Chief Financial Officer (since January 2017), Senior Vice President and Chief Financial Officer (March 2016 to January 2017), Dana Incorporated; Senior Vice President and Chief Financial Officer (April 2013 to March 2016), Vice President, Finance (October 2010 to April 2013), ProQuest (a global information, content and technology company).	2016	Present
James K. Kamsickas	51	President and Chief Executive Officer (since August 2015), Dana Incorporated; President, Chief Executive Officer (April 2012 to August 2015), Global Co-Chief Executive Officer and President of North America and Asia (January 2011 to April 2012), International Automotive Components Group, S.A. (global supplier of automotive interior components and systems).	2015	Present
Douglas H. Liedberg	50	Senior Vice President, General Counsel and Secretary (since May 2017), Associate General Counsel (November 2008 to April 2017), Dana Incorporated.	2017	Present
Dwayne E. Matthews	58	President of Power Technologies (since September 2009), Dana Incorporated.	2011	Present
Robert D. Pyle	51	President of Light Vehicle Driveline Technologies (since January 2014); President of Asia Pacific (May 2012 to December 2013), Dana Incorporated.	2014	Present
Mark E. Wallace	51	Executive Vice President, President of Dana Commercial Vehicle Driveline Technologies, Aftermarket & Operational Excellence (since August 2016), Executive Vice President, Dana On-Highway Driveline Technologies (January 2014 to August 2016), Executive Vice President (June 2011 to January 2014), President of Light Vehicle Driveline Technologies (September 2012 to January 2014), Dana Incorporated.	2008	Present

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

Our Compensation Discussion and Analysis (CD&A) describes the key principles and approaches used to determine the elements of compensation awarded to, earned by and paid to each of our named executive officers (NEOs) during 2017. This discussion provides information and context to the compensation disclosures included in the accompanying compensation tables and corresponding narrative discussion and footnotes below, and it should be read in conjunction with those disclosures.

The following Dana executives are our NEOs for 2017:

Name	Title
James K. Kamsickas	President and Chief Executive Officer
Jonathan M. Collins	Executive Vice President and Chief Financial Officer
Mark E. Wallace	Executive Vice President Dana, President of Dana Commercial Vehicle Driveline Technologies, Aftermarket & Operational Excellence
Aziz S. Aghili	President, Off-Highway Drive and Motion Technologies
Robert D. Pyle	President, Light Vehicle Driveline Technologies

We first provide a brief executive overview of our compensation program and then discuss and analyze the following topics:

Relationship between Dana's Pay & Performance
 Elements of Executive Compensation Program

How Compensation Decisions are Made
 Compensation Policies & Practices

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Executive Overview

Dana Performance

Dana's financial performance in 2017 was very strong and we are well positioned for long term success. Continued execution of our enterprise strategy has rewarded shareholders with a share price that reached a ten-year high. Below are some key results of Dana's performance in 2017:

Dana's sales for 2017 were \$7.2 billion, an increase of approximately \$1.4 billion (24% from 2016), primarily due to strong end-market demand, acquisitions, conversion of sales backlog and favorable currency.

Adjusted EBITDA was \$835 million, an increase of \$175 million (27%) from 2016, and adjusted EBITDA margin was 11.6% of sales, an improvement of 30 bps over 2016.

Dana's share price appreciated by 69% during 2017 and an increase in the quarterly dividend from \$0.06 to \$0.10 per share beginning in 2018 was recently announced.

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Dana's Compensation Philosophy

Our compensation program is designed to balance short-term performance with long-term growth. Our compensation and benefits must be competitive with executive compensation arrangements provided to executive officers at similar levels at comparably-sized companies with whom we compete for talent. Dana's executive compensation philosophy is reviewed annually by the Compensation Committee, and has the following key objectives:

Reward performance A substantial percentage of executive pay is performance-based and therefore at risk. Our pay programs reflect our pay-for-performance culture that aligns incentives with shareholder interests.

Emphasize long-term incentive compensation We share a portion of the value created for shareholders with those responsible for the results through our performance-based long-term incentive compensation plans. Performance Shares reward executives for delivering long-term adjusted EBITDA Margin and Return on Invested Capital (ROIC) performance.

Compensation Alignment with Business Strategy

Our long-range enterprise strategy builds on our strong technology foundation and leverages our operating model driven by cross functional resource sharing while maintaining a customer centric focus. Our strategy furthers the expansion of our global markets while accelerating the commercialization of new technology as we evolve into the era of vehicle electrification and a broader definition of mobility.

Our executive pay program reflects our enterprise strategy by design and with the metrics used to evaluate performance in our incentive plans. These metrics are important financial measures that help provide sharp focus on critical results in running our business effectively and efficiently.

Enterprise Strategy

Drive ownership mentality We require executives to personally invest in Dana's success through stock ownership guidelines that require executives to own a significant amount of our stock.

Attract, retain and reward the best talent to achieve superior results To be consistently better than our competitors, we need to recruit and retain superior talent that is able to drive superior results. We have structured our compensation program to motivate and reward these results.

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Dana's Executive Compensation Practices

Dana's executive compensation program features many best practices that serve shareholder interests.

What We Do....	What We Don't Do....
Base half of our long-term compensation on the achievement of objective, pre-established goals tied to financial, operational, and strategic measures.	No excise tax gross ups.
Award incentive compensation based on objective measures.	No excessive perquisites.
Apply an accelerated schedule to meet minimum stock ownership guidelines.	No hedging or pledging of Dana stock.
Maintain a clawback policy to recapture unearned incentive payments.	No excessive change-in-control or executive severance provisions.
Retain an independent compensation consultant.	
Include double trigger of vesting of equity awards and severance payments upon a change in control.	

Say on Pay

Last year's advisory vote on executive compensation (Say on Pay) was strongly supported by our shareholders with 94% of the votes cast in favor of our pay practices. Given the new Enterprise Strategy, the Compensation Committee decided to make some modifications to the executive compensation program to better align compensation with our business goals and objectives and shareholder interests.

2017 Compensation Changes

For 2017, the Compensation Committee approved changes to incentive plan metrics for the 2017 annual incentive plan and long-term incentive plan. Below is a summary of the changes along with the rationale:

Annual Incentive Plan

* Adjustments are defined in the incentive plan section of this Compensation & Discussion Analysis

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Relationship between Dana Pay & Performance

Comparator Compensation Data

One of the factors our Compensation Committee uses in setting executive compensation is an evaluation of how our target compensation and benefit levels compare to those of similarly-situated executives at companies that comprise our executive compensation peer group (Peer Group). Dana’s philosophy for senior executive pay, including NEO pay, is to target a range of +/- 15% of the 50th percentile of our Peer Group and general industry market data as provided by the Compensation Committee’s independent compensation consultant. In addition to market data, other factors such as an individual’s experience, responsibilities, and long-term strategic value to Dana are also considered when making recommendations and decisions on compensation.

The Peer Group used for benchmarking executive pay for all NEOs is made up of companies that are:

in similar industries where Dana competes for talent, customers and capital – auto components, industrial machinery, construction and farm machinery, heavy trucks, and other durable goods manufacturers,

of similar size (as measured by annual revenue), with a range of about 1/3rd to 3x of Dana’s revenue that results in a median revenue close to Dana’s, and

of similar complexity to Dana (e.g. multi-country and multi-segment)

The Peer Group is reviewed by the Compensation Committee every year and modifications are made to ensure each company in the group meets the above comparison criteria. The companies shown in the table below comprise our Peer Group:

American Axle & Mfg Holdings	Lear Corp.
BorgWarner, Inc.	The Manitowoc Company, Inc.
Cooper-Standard Holdings	Meritor, Inc.
Cooper Tire & Rubber Co.	Navistar International Corporation
Cummins, Inc.	Oshkosh Corporation
Delphi Automotive	Parker-Hannifin Corp.
Dover Corp.	Rexnord Corp.
Flowserve Corp.	Tenneco Inc.
Fortive Corp.	Terex Corp.
Ingersoll-Rand PLC	The Timken Company

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In 2017, the Compensation Committee, upon analysis and review with its executive compensation consultants, made changes to the Peer Group. Cummins, Inc., Fortive Corp., Parker-Hannifin Corp. and Rexnord Corp. were added to broaden the benchmarking of our compensation programs and practices and for purposes of evaluating pay for performance. Metaldyne Performance Group and Joy Global Inc. were withdrawn from the Peer Group due to being acquired and consolidated into other companies.

Pay for Performance

We believe it is important to look at how NEO realizable pay compares to Dana’s performance as the pay that NEOs actually or could potentially receive is designed to link to such performance. The Compensation Committee and management analyzed the alignment between the pay of our NEOs and Dana’s three-year (2014-2016) performance relative to the Peer Group. A one-year period was considered for our CEO since Mr. Kamsickas was hired in 2015. The table below shows the characteristics that were used for the study:

Realizable Pay	&	Performance Measurement
<p>Realizable Pay includes base salary, actual bonus payouts and theoretical gains of long-term incentive grants from 2014 through 2016 (in-the-money portion of options, all restricted stock awards/units granted and performance share/cash payouts). Long-term incentives include the value at the end of the period of the awards granted, which is not necessarily the value at vesting or exercise. Note that this differs from the summary compensation table pay, which represents the grant-date expected fair value of the awards.</p>		<p>For purposes of this analysis, the following financial metrics were used – cash flow, earnings before interest and taxes (EBIT), ROIC, and revenue growth.</p>

The following graphs show the correlation between realizable pay and the financial performance measures indicated above:

Over a one-year period for Dana’s CEO, who was hired in 2015 and the CEOs in our Peer Group; and

Over a three-year period for Dana’s other NEOs and the other NEOs in our Peer Group.

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Alignment of Cash Compensation with Performance

Chief Executive Officer

Alignment of Realizable Pay with Performance

Named Executive Officers

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NEO Pay Mix

To align pay levels for our NEOs with Dana's performance, our pay mix places the greatest emphasis on performance-based incentives. A significant majority (84% of our CEO's target compensation and 75% of the average target compensation of our other NEOs) is performance-based.

Table of Contents**Elements of 2017 Executive Compensation Program**

Our annual executive compensation program has three primary pay components: base salary, annual performance-based cash bonuses and long-term equity incentives. We also offer retirement and additional benefits.

Cost to Dana	Element	Key Characteristic	Why We Pay this Element	How We Determine the Amount
Fixed	Base salary	Fixed compensation payable in cash. Reviewed annually and adjusted when appropriate.	Provide base level of competitive cash compensation for attracting and retaining executive talent.	Experience, job scope, market data and individual performance.
Variable	Annual cash incentive award	Variable compensation payable in cash based on performance-related financial and individual goals.	Motivate high performance and reward short-term Dana-wide, Business Unit and individual performance.	Corporate funding pool is based on financial performance metrics (adjusted EBITDA, adjusted EBITDA Margin and Free Cash Flow) and individual performance goals.
	Performance share awards	PSAs vest after the three-year performance period based on meeting financial metrics.	Align the interests of senior executives with long-term shareholder value and retain executive talent.	Target awards based on job scope, market data and individual performance.
	Restricted stock units	RSUs vest on the third anniversary of the grant date.	Increase long-term equity ownership and focus executives on providing shareholders with superior investment returns.	Payouts are based on our performance on financial metrics (adjusted EBITDA Margin & ROIC) over a three-year period. Target award based on job scope, market data and individual performance.
			Vesting terms and ownership guidelines promote retention and a strong linkage to the long-term interests of shareholders.	

Base Salary

We provide base salaries to compensate our NEOs for their primary roles and responsibilities and to provide a stable level of annual compensation. Actual NEO salary levels and increases vary based on the NEO's role, level of responsibility, experience, individual performance, future potential and market value. In addition, salary increases may be warranted because of a promotion or change in responsibilities.

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Considering market-based positioning and each NEO's individual performance, the Compensation Committee approved the 2017 annualized base salary adjustments (effective April 1, 2017) below:

NEO	2016 Salary	2017 Salary	Percent Increase
James K. Kamsickas	\$ 1,100,000	\$1,130,000	2.7%
Jonathan M. Collins	\$ 500,000	\$575,000	15.0%
Mark E. Wallace	\$ 580,000	\$590,000	1.7%
Aziz S. Aghili	\$ 515,000	\$530,000	2.9%
Robert D. Pyle	\$ 482,000	\$510,000	5.8%

Messrs. Collins and Pyle's base salaries were adjusted to align with base compensation comparable to similar positions of Dana's peer group.

Annual Performance-Based Cash Incentive

Our performance-based annual bonus program, the Dana Annual Incentive Plan (AIP) is a cash-based plan intended to motivate and reward employees based on Dana-wide, business unit and individual performance that drive shareholder value.

The AIP covers approximately 3,300 employees, including our NEOs. At the beginning of each year, the Compensation Committee reviews and approves an annual cash bonus target for each NEO, as a percentage of base salary for the upcoming performance period. The NEOs may earn from 0% to 200% of their target incentive opportunity. 80% of the incentive opportunity is based on actual consolidated and/or business unit financial performance compared to targets, and 20% is based on personal performance goals focused on driving strategic, operational and other priorities of the business. All performance-related goals are approved by the Compensation Committee.

For our NEOs, the 2017 AIP target payout opportunities and results weightings are shown in the table below:

NEO	AIP Target Opportunity (% of Base Salary)	Performance Results Weighting
James K. Kamsickas	120%	100% Consolidated results
Jonathan M. Collins	75%	100% Consolidated results
Mark E. Wallace		60% Consolidated; 40% Business
	75%	Unit results
Aziz S. Aghili		40% Consolidated; 60% Business
	70%	Unit results
Robert D. Pyle	70%	40% Consolidated; 60% Business Unit results

Following the review of compensation paid within our peer group, the Compensation Committee determined that for 2017, Mr. Kamsickas' AIP target opportunity would be increased (from 110% of base salary to 120%) in an effort to better align his AIP award with annual incentive compensation opportunities afforded to the chief executive officers of the companies in Dana's peer group. No other changes were made to the AIP target opportunities for any other NEO in 2017, as the target opportunity levels were within the competitive pay range for each position.

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The 2017 AIP was based on four key performance metrics and designed to reward the achievement of performance goals at the consolidated, business unit and individual levels. The performance metrics were:

Annual Incentive Plan Metrics	Weighting	
<u>Financial Performance Metrics</u>		
Adjusted EBITDA	60%	} 80%
Adjusted EBITDA Margin	20%	
Free Cash Flow	20%	
<u>Personal Performance Metric</u>		
		20%

EBITDA is defined as net income before interest, taxes, depreciation, and amortization

Why adjust reported results (e.g. EBITDA), for purposes of our incentive plans?

Our incentive plans require that certain adjustments be made to our reported results of operations for purposes of calculating incentive awards. Such adjustments are designed to provide a comparable basis from year to year from which incentive awards are calculated so as to ensure that participants in the plan are incentivized and rewarded appropriately.

Adjustments generally include equity grant expense, restructuring expense and other adjustments not related to our core operations (e.g. gain/loss on debt extinguishment, pension settlements, divestitures and impairments). With these adjustments for incentive plan purposes, there is alignment with the Adjusted EBITDA measure used in our public reporting. An additional adjustment for incentive compensation is made to remove the effect of currency exchange rate fluctuations, which may have a significant impact on our financial results given our international footprint, which is not within management's control.

Company Financial Metrics and Performance

Dana's financial performance makes up 80% of the overall AIP awards for the NEOs and is measured by three financial metrics: adjusted EBITDA (weighted 60%), adjusted EBITDA Margin (weighted 20%) and Free Cash Flow weighted (20%). These metrics are not only appropriate measures of our underlying earnings, but also align with our overall business enterprise strategy and our external financial reporting commitments.

To determine whether annual incentive awards are paid, performance for the year is measured against specified target levels for each financial and personal performance metric. The target for 100% annual incentive achievement was based on achieving the levels of the three financial metrics from Dana's (and Business Unit's) annual operating plan reflecting a level of performance, which at the time was anticipated to be challenging but achievable. The threshold level was set to be reflective of performance at which the Compensation Committee believed a portion of the award opportunity should be earned. The maximum level was set well above the target, requiring significant achievements and reflecting performance at which the Compensation Committee believed a 200% target award was warranted.

Table of Contents*Consolidated AIP Performance*

The weighting, target performance, actual performance and payout of the 2017 AIP metrics at the consolidated level are as follows:

AIP Performance Metrics	Weight	Threshold	Target	Maximum	Actual	Payout (% of Target)
Adjusted EBITDA*	60%	\$616M	\$725M	\$798M	\$801.1M	200%
Adjusted EBITDA Margin*	20%	9.7%	11.4%	12.5%	11.6%	116%
Free Cash Flow	20%	\$15M	\$45M	\$75M	\$161M	200%
Weighted Payout for Consolidated Metrics:						183%

* Adjustments include equity grant expense, restructuring expense and other adjustments not related to our core operations (e.g. gain/loss on debt extinguishment, pension settlements, divestitures and impairments) and currency exchange rate fluctuations, as approved by the Compensation Committee.

Business Unit AIP Performance

For Mr. Wallace, 40% of his AIP award is based on the weighted payout of the three performance metrics described above for the Commercial Vehicle Driveline Technologies business unit for which he is responsible. The weighted payout for adjusted EBITDA, adjusted EBITDA Margin and Free Cash Flow in the Commercial Vehicle Driveline Technologies business unit was 189% of Target.

For Mr. Aghili, 60% of his AIP award is based on the weighted payout of the three performance metrics described above for the Off-Highway Drive and Motion Technologies business unit for which he is responsible. The weighted payout for adjusted EBITDA, adjusted EBITDA Margin and Free Cash Flow in the Off-Highway Drive and Motion Technologies business unit was 189% of Target.

For Mr. Pyle, 60% of his AIP award is based on the weighted payout of the three performance metrics described above for the Light Vehicle Driveline Technologies business unit for which he is responsible. The weighted payout for adjusted EBITDA, adjusted EBITDA Margin and Free Cash Flow in the Light Vehicle Technologies Driveline business unit was 150% of Target.

Personal Performance Metrics

The NEOs' personal performance makes up 20% of the overall AIP award. For 2017, the NEOs' personal goals were focused on driving specific priorities such as, but not limited to, sales growth, financial performance, operational efficiencies, safety commitments and execution of our overall strategy.

The Compensation Committee reviews the strategic, operational and other personal performance goals for the CEO and other NEOs. The CEO sets forth each of the NEOs' personal goals (and the weighting of each goal), subject to approval by the Compensation Committee. The Compensation Committee sets the personal goals and weighting for the CEO.

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The levels of achievement (0% - 200% of targeted goals) for the personal performance portion of the 2017 Annual Incentive award for each of our NEOs were Mr. Kamsickas (200%), Mr. Collins (200%), Mr. Wallace (133%), Mr. Aghili (200%) and Mr. Pyle (200%).

Table of Contents*2017 Annual Incentive Plan Results*

The annual incentive payment for 2017, based on the financial and personal performance metrics shown above, for the NEOs are shown in the table below:

NEO	2017 AIP Award
James K. Kamsickas	\$ 2,522,160
Jonathan M. Collins	\$ 802,125
Mark E. Wallace	\$ 774,375
Aziz S. Aghili	\$ 704,900
Robert D. Pyle	\$ 606,900

The performance and payout range (threshold, target and maximum incentive opportunity) of annual cash incentives for reaching 2017 performance goals under the 2017 AIP for each of our NEOs is provided in the table titled "Grants of Plan-Based Awards." The actual award paid, as shown in the table above, is also provided in the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table" below.

Long-Term Incentive Program (LTIP)

We believe that Dana's long-term performance is driven through an ownership culture that rewards executives for creating and maximizing shareholder value. Our LTIP provides participants, including our NEOs, with incentive awards that serve an important role by balancing short-term goals with long-term shareholder value creation while minimizing risk-taking behaviors that could negatively affect long-term results.

The Compensation Committee approves the amount of the long-term incentive award, which is based on a percentage of the NEO's base salary. Each NEO's award opportunity is based on a target dollar value (determined prior to the beginning of the performance period) assigned to his or her position based on market comparisons for similar positions, using both peer group and general industry market data. For 2017, following its review of market data, the Compensation Committee approved an increase in Mr. Collins' LTIP target opportunity in an effort to better align with long-term compensation opportunities afforded to executives with similar positions of Dana's peer group. No other changes were made to the 2017 target LTIP opportunities for any of our other NEOs which fall within the competitive range for our peer group.

One-half (50%) of the total value of the target long-term incentive opportunity is delivered through performance shares awards (PSAs) and the other half (50%) through restricted stock units (RSUs). We believe both PSAs and RSUs are forms of performance-based incentive compensation because PSAs provide direct alignment with shareholder interests and the value of RSUs fluctuates based on stock price performance.

In addition to requiring achievement of performance criteria in respect of the performance shares, PSAs and RSUs require the NEO to remain employed with Dana for three years from the grant date, unless the NEO attains retirement age (at least age 60 with at least 10 years of service, or at least age 65) whereby a prorated award is paid. The value of performance share awards and RSUs granted to each of our NEOs in 2017 is shown in the "Summary Compensation Table" below.

Performance Shares

The LTIP is designed to provide PSAs for a select group of senior executives, including our NEOs. PSAs are tied to the achievement of two performance measures, each weighted equally: adjusted EBITDA Margin and ROIC. Each metric is based on a three-year performance period (2017-2019) with a performance range that can result in PSAs of 0% to 200% of the target opportunity.

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Adjusted EBITDA Margin drives the long-term expansion commitments and continues focus on shareholder return. It also drives profitable sales growth and optimizes our cost structure. ROIC ensures management uses Dana's capital in an effective manner that drives shareholder return. Furthermore, the value of Performance Shares is also tied to Dana's stock price performance, which aligns the executives' interests with those of shareholders. The target opportunities of PSAs for the NEOs are shown in the table below:

NEO	Number of PSAs awarded in 2017 (Target Opportunity)
James K. Kamsickas	126,663
Jonathan M. Collins	31,985
Mark E. Wallace	34,135
Aziz S. Aghili	26,356
Robert D. Pyle	24,667

Restricted Stock Units

The other 50% of the LTIP design consists of RSU awards. RSUs incent and reward executives for improving long-term stock value and serve as a retention tool. RSUs are generally granted in February to approximately 170 senior management employees, including our NEOs, and cliff vest on the third anniversary of the grant, provided the recipient remains employed by Dana. The RSUs awarded in 2017, based on the target opportunities, for the NEOs are shown in the table below:

NEO	Number of RSUs awarded in 2017
James K. Kamsickas	126,663
Jonathan M. Collins	31,985
Mark E. Wallace	34,135
Aziz S. Aghili	26,356
Robert D. Pyle	24,667

Equity awards granted to each of our NEOs are shown in the Grants of Plan-Based Awards table and Summary Compensation Table below.

2015 LTIP Performance (Three-year performance period ending December 31, 2017)

December 31, 2017 marks the end of the three-year performance period of the 2015 LTIP awards. The performance metrics, targets and performance-payout ranges for such awards were set and approved by the Compensation Committee in February 2015.

Although the 2014 LTIP awards (three-year performance period ending December 31, 2016) resulted in no payout of performance shares for that performance period, the significant improvement of our stock price, relative to the TSR index (Dow Jones U.S. Industrial Index) during 2015-2017, resulted in a payout of performance shares from the 2015 LTIP awards. Given challenging economic conditions in certain areas outside the U.S. and currency fluctuations, our ROIC during the performance period was below the threshold limit set in

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2015. The table below shows the results of the 2015 LTIP performance period relative to targets and the actual achievement level for the 2015 LTIP awards.

Performance Measures (and weighting) for PSAs	2015-2017 Goals			2015-2017 Performance	2017 Actual
	Threshold	Target	Maximum	Actual	Award
Total Shareholder Return (50%)	25 th Percentile	50 th Percentile	80 th Percentile	63.3 Percentile	144.30%
Pre-Tax ROIC (50%)	18.3%	20.1%	21.1%	16.5%	0.00%
Weighted Payout:					72.15%

The actual payout with respect to the PSAs issued as part of the 2015 LTIP award, based on the financial metrics shown above for the three-year performance period ending December 31, 2017, for the NEOs is shown in the table below. Note that Mr. Collins did not receive a LTIP award in 2015 as he was hired in March 2016.

NEO	2015 LTIP Performance Shares Target Award	2015 Performance Share Payout
James K. Kamsickas	98,061	70,750
Mark E. Wallace	29,189	21,059
Aziz S. Aghili	23,135	16,691
Robert D. Pyle	19,766	14,261

Other Elements of Compensation

To remain competitive with other companies and to attract, retain and motivate highly talented executives, we offer perquisites and a benefits package.

Executive Perquisites Plan

We have adopted an Executive Perquisites Plan that provides an annual cash allowance to eligible employees (including our NEOs) in lieu of individual executive perquisites. We provide a fixed cash allowance as part of a competitive pay package to assist in recruiting and retaining talented executives. A cash-based program is preferred over programs such as car allowances, club memberships, and tax and financial planning typically provided in a company-managed executive perquisite program, which can be administratively burdensome and costly. In addition, our cash perquisite program is a taxable benefit paid on a semi-monthly basis and, unlike some managed perquisite programs, we do not provide tax gross-up payments to cover applicable taxes on the allowance. Our CEO is entitled to \$50,000 annually and the remaining NEOs are each entitled to \$35,000 annually.

International Assignment Benefits

We maintain an International Assignment Policy for certain employees who accept an international assignment at the request of Dana. The benefits under this program generally include some or all of the following benefits as needed: cost of living allowance, location premium, relocation allowance, housing allowance, transportation allowance, tax preparation, assignment completion payment, repatriation allowance and annual home leave. Mr. Aghili received benefits under this program in 2017.

For more information on the benefits provided to Mr. Aghili, see the Summary Compensation Table and related footnotes below.

Health & Welfare Wellness Benefits

We also provide other benefits such as medical, dental, life insurance, accidental disability and dismemberment insurance, short-term disability and long-term disability to our NEOs, which are also provided to

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all eligible U.S.-based salaried employees. Eligible employees can purchase additional life, dependent life and accidental death and dismemberment coverage as part of their employee benefits package. Our NEOs and certain other manager-level employees may also purchase supplemental long-term disability insurance.

As part of our employee health and wellness benefit initiative, we provide an executive physical program to certain executives, including Messrs. Kamsickas, Collins, Wallace, Aghili and Pyle. The benefit provides an annual routine wellness examination and physical at a cost to Dana not to exceed \$2,500 per executive.

Retirement Benefits

We maintain a tax-qualified, safe harbor 401(k) plan for our employees, including the NEOs. Eligible participants may make voluntary contributions to the plan up to Internal Revenue Code limits. Dana makes matching contributions and a discretionary fixed contribution to each eligible employee's 401(k) plan account. We match 100% of the employee's contributions up to 3% of compensation and 50% of the employee's contributions from 3% to 5% of compensation, providing a maximum employer match of 4% of compensation to an employee. For 2017, a company fixed contribution of 3.5% of an employee's compensation was also made into the eligible employee's 401(k) account.

We maintain a non-qualified savings plan (restoration plan), to which we credit amounts to participants, including our NEOs, that we would have otherwise provided as matching and fixed contributions under the 401(k) plan if IRS statutory limits on 401(k) plan contributions had not been applicable.

We maintain a non-qualified defined contribution Supplemental Executive Retirement Plan (SERP) for certain executives, including our NEOs. We believe that the SERP enables us to provide our NEOs with a competitive retirement program in line with our peers. A portion of the SERP benefit is based on our performance.

We maintain a non-qualified deferred compensation plan that allows eligible employees, including our NEOs, to defer base salary and/or incentive pay to be paid at a future date. For more information regarding our non-qualified retirement programs, see the narrative following the Nonqualified Deferred Compensation table.

How Compensation Decisions are Made

Role of the Compensation Committee and CEO

The Compensation Committee of the Board of Directors assists the Board in fulfilling its obligations related to the compensation of Dana's executive officers and, in general, with respect to compensation and benefits programs relating to all employees. Our current Compensation Committee consists of a chairman and independent directors who are appointed annually by the Board. Under its Charter, the Compensation Committee must have a minimum of three members who meet the requirements for independence as set forth by the Securities and Exchange Commission (SEC), the New York Stock Exchange (NYSE) and our Standards of Director Independence. Members of the Committee must also qualify as non-employee directors within the meaning of Exchange Act Rule 16b-3 and as outside directors for purposes of Section 162(m) of the Internal Revenue Code.

The Compensation Committee members during 2017 were: Keith E. Wandell (Chairman), Virginia A. Kamsky, Terrence J. Keating, Raymond E. Mabus, Jr., R. Bruce McDonald and Mark A. Schulz.

The Compensation Committee's responsibilities include, but are not limited to, reviewing our executive compensation philosophy and strategy, participating in the performance evaluation process for our CEO, setting base salary and incentive opportunities for our CEO and other senior executives, establishing the overarching pay philosophy for Dana's management team, establishing incentive compensation and performance goals and objectives for our executive officers and other eligible executives and management and determining whether

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performance objectives have been achieved. The Compensation Committee also recommends to the Board employment and severance agreements for our CEO and other senior executives. Executive sessions are held by the Compensation Committee without the participation of any member of executive management, including the NEOs. Each year, the Compensation Committee reviews the performance and total compensation package of our NEOs. The Compensation Committee reviews and establishes each NEO's total target and actual compensation for the current year, which includes base salary, annual bonus opportunities and long-term incentive awards.

Our CEO is responsible for making recommendations to the Compensation Committee regarding base salary and incentive opportunities for the NEOs other than with respect to his own compensation.

Compensation decisions are made by the Compensation Committee using its sole judgment. The Compensation Committee focuses primarily on each NEO's performance against his or her financial and strategic objectives, Dana's overall performance, and a Business Unit's performance where applicable, while reserving discretion to reflect the overall business performance.

Role of the Independent Compensation Consultant

The Compensation Committee's charter states the Compensation Committee may retain outside compensation consultants, legal advisors or other advisors. The Compensation Committee retains an independent compensation consultant, Mercer (US) Inc. (Mercer), a wholly-owned subsidiary of Marsh & McLennan Companies, Inc. (MMC), to advise it on certain compensation matters. The Compensation Committee has the sole authority to retain, compensate and terminate any independent compensation consultants of its choosing.

In connection with the Compensation Committee's engagement of Mercer, the Compensation Committee considered factors relevant to Mercer's independence, including six factors specified by NYSE rules, and determined that Mercer's work does not raise any conflict of interest. The Compensation Committee requested Mercer's advice on a variety of issues, including compensation strategy, market comparisons, review of our peer group, pay and performance alignment versus industry peers, executive pay trends, stock ownership guidelines, compensation best practices and potential compensation plan designs and modifications.

Mercer provided the Peer Group and general industry compensation data to management and the Compensation Committee and it was used as a frame of reference for establishing compensation targets for base salary, annual bonus and long-term incentives for all of the NEOs at the beginning of 2017.

In addition to its services for the Compensation Committee, separate and distinct from executive and director compensation consulting services, Mercer provided select services for Dana in various other capacities in 2017. Those services included other global compensation consulting where Mercer data was most relevant in a given country. Mercer's fees for executive compensation consulting in fiscal year 2017 were \$204,697. During the fiscal year, Dana retained Mercer (and its MMC affiliates) to provide services unrelated to executive compensation. The aggregate fees paid for these other services were \$106,278. These other services were not approved by our Board of Directors or the Compensation Committee because they relate to broad-based compensation and benefit plans. Our management used Pay Governance LLC (Pay Governance) for executive compensation advice.

Compensation Policies & Practices

Dana's Stock Ownership Guidelines

The Compensation Committee adopted stock ownership guidelines for our NEOs to encourage executives to own a significant number of shares of our common stock. The stock ownership guidelines are calculated based on a multiple of the executive's annual base salary and the average stock price during the prior calendar year.

We require the NEOs to achieve the required percentage of the targeted stock ownership levels on a schedule from two to five years of being promoted or named to the applicable executive position. In determining

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if our NEOs have satisfied the ownership requirements, we generally include RSUs that have been granted and any shares owned outright by the NEO. Stock options and unearned performance shares are not counted in determining stock ownership for this purpose.

The table below shows the schedule for attaining the targeted amount of stock ownership:

Title	Minimum Investment	Percentage of Ownership Guideline to Satisfy		
		2 Years	4 Years	5 Years
President and Chief Executive Officer	5 x Base Salary	40%	80%	100%
Other NEOs	3 x Base Salary	40%	80%	100%

All NEOs, other than Mr. Aghili, met or exceeded the ownership requirements according to the above schedule as established under our guidelines. During 2017, Mr. Aghili was not allowed to sell any Dana common stock until he met the ownership requirement level. Note that as of January 1, 2018, Mr. Aghili has satisfied the ownership guideline requirement.

Clawback Provisions

To mitigate risk to Dana of paying either annual or long-term incentives based on faulty financial results, we have a policy (Clawback Policy) regarding adjustment of performance-based compensation in the event of a restatement of our financial results. It provides that the Compensation Committee will review all bonuses and other compensation paid or awarded to our executive officers based on the achievement of corporate performance goals during the period covered by a restatement. If the amount of such compensation paid or payable to any executive officer based on the originally reported financial results differs from the amount that would have been paid or payable based on the restated financial results, the Compensation Committee will make a recommendation to the independent members of the Board as to whether to seek recovery from the executive officer of any compensation exceeding that to which he or she would have been entitled based on the restated results. In the case of Mr. Kamsickas, his executive employment agreement sets forth clawback provisions in addition to the Clawback Policy described above. These additional clawback provisions are described below under CEO Employment Agreement.

Hedging & Pledging of Dana Stock

Under the terms of our Insider Trading Policy, no employee or director is permitted to engage in securities transactions that would allow them either to insulate themselves from, or profit from, a decline in Dana's stock price. Similarly, no employee or director may enter into hedging transactions in Dana's stock. Such transactions include, but are not limited to, short sales as well as any hedging transactions in derivative securities (e.g. puts, calls, swaps or collars) or other speculative transactions relating to Dana's stock. Pledging of Dana's stock is also prohibited.

Equity-Based Grant Practices

Under our equity-based grant practices, we make regular equity-based grants to eligible employees, including NEOs, in the first quarter of the calendar year at a regularly scheduled meeting of the Compensation Committee. Under our current practice, the exercise price, in the case of any stock options, is the closing price of our common stock on the NYSE on the day of the grant. We also may award equity-based grants during the year to newly-hired executive officers as part of their compensation package or to executives based on a promotion during the year. In the case of equity-based grants to newly-hired employees who may be covered employees within the meaning of Section 162(m) of the Internal Revenue Code, or officers subject to Section 16 of the Exchange Act, including NEOs, the grants are authorized by the Compensation Committee.

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Mitigation of Potential Risk in Pay Programs

The Compensation Committee has reviewed our compensation policies and practices and determined that there are no risks arising from our compensation policies and practices for our employees that are reasonably likely to have a material adverse effect on Dana. To avoid excessive risk-taking behaviors, Dana has put in place several mechanisms, including, but not limited to:

Stock ownership guidelines;

Caps on annual incentive payouts;

Financial performance-based annual incentive program;

Long-term incentive awards (which are delivered primarily in the form of equity);

Mix of multiple types of awards;

Use of multiple metrics to determine annual and long-term incentive payouts; and

Clawback and anti-hedging and pledging policies.

CEO Employment Agreement

Our Compensation Committee determined it is market practice to offer an executive employment agreement to the President and Chief Executive Officer. Terms of the employment agreement for Mr. Kamsickas can be found in the [CEO Employment Agreement](#) section below. No other NEO has an employment agreement.

Severance Arrangements

We have adopted both an executive severance plan (Executive Severance Plan) and a change in control severance plan (Change in Control Severance Plan). Each of our current NEOs participates in these plans. The Change in Control Severance Plan provides severance benefits as a result of a qualifying termination of employment after a change in control. These arrangements provide certainty to both Dana and the former executive as to their rights and obligations to each other, including restrictive covenants and non-compete agreements.

Executive Severance Plan

The Executive Severance Plan provides severance compensation to eligible executives, including each of our NEOs (other than the CEO whose severance compensation is provided in his employment agreement) whose employment is involuntarily terminated other than by reason of death, disability or cause prior to a change in control.

Change in Control Severance Plan

We have also adopted the Change in Control Severance Plan to provide severance benefits to eligible executives whose employment is involuntary terminated as a result of a change in control. Each of our current NEOs is eligible to participate in the plan. We believe that such a plan helps to both attract and retain executives by reducing the personal uncertainty that arises from the possibility of a future business combination or restructuring. Dana believes that the Change in Control Severance Plan helps to increase shareholder value by encouraging the executives to consider change in control transactions that are in the best interest of Dana and its shareholders, even if the transaction may

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ultimately result in termination of their employment. The plan contains a double-trigger provision (i.e. termination of employment after a change in control) in vesting of equity awards and for distributing severance payments in the event of any change in control. No excise tax gross-up is provided under this plan.

Additional information on the terms and conditions of these plans as they relate to our NEOs is described in the section entitled Potential Payments and Benefits upon Termination or Change in Control below.

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Impact of Accounting and Tax Treatments

Internal Revenue Code Section 162(m)

Subject to certain exceptions, Section 162(m) of the Internal Revenue Code limits Dana's ability to deduct compensation in excess of \$1 million per year paid to certain covered employees. The exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our covered executive officers in excess of \$1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements entered prior to November 2, 2017 and which are not materially amended thereafter.

Accounting for Stock-Based Compensation

We account for stock-based payments under our equity-based plans in accordance with the requirements of FASB ASC Topic 718. Further information about this accounting treatment can be found in Notes 1 and 11 to the Consolidated Financial Statements in Dana's Annual Report on Form 10-K for the year ended December 31, 2017.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (CD&A) with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the CD&A be included in this Proxy Statement and incorporated by reference into our Annual Report on Form 10-K.

Compensation Committee

Keith E. Wandell, Chairman

Virginia A. Kamsky

Terrence J. Keating

Raymond E. Mabus, Jr.

R. Bruce McDonald

Mark A. Schulz

February 15, 2018

Table of Contents**EXECUTIVE COMPENSATION**

The following table summarizes the compensation of our President and CEO, Executive Vice President and CFO, and our three other most highly compensated executive officers serving at the end of the fiscal year ended December 31, 2017 (collectively, the named executive officers) for services rendered during the years stated in all capacities to Dana and our subsidiaries.

SUMMARY COMPENSATION TABLE

Name and Principal Position ⁽¹⁾	Year ⁽²⁾	Salary (\$)	Bonus (\$) ⁽³⁾	Stock Awards (\$) ⁽⁴⁾	Option Awards (\$)	Change in Non-Equity Nonqualified Incentive Plan Compensation			Total (\$)
						Compensation (\$) ⁽⁸⁾	Earnings Compensation (\$)	All Other Compensation (\$) ⁽⁹⁾	
James K. Kamsickas <i>President and Chief Executive Officer</i>	2017	1,122,500	0	6,797,401 ⁽⁵⁾	0	2,522,160	0	419,810	10,861,871
	2016	1,100,000	500,000	6,230,479	0	1,222,100	0	312,760	9,365,339
	2015	430,833	500,000	3,647,879 ⁽⁷⁾	0	612,000	0	82,970	5,273,682
Jonathan M. Collins <i>Executive Vice President and Chief Financial Officer</i>	2017	556,250	0	1,561,586 ⁽⁶⁾	0	802,125	0	163,805	3,083,766
	2016	381,944	0	253,307	0	277,285	0	83,061	995,597
Aziz S. Aghili <i>President, Off-Highway Drive and Motion Technologies</i>	2017	526,250	0	1,051,369	0	704,900	0	954,700	3,237,219
	2016	515,000	0	1,047,908	0	252,350	0	1,570,386	3,385,644
	2015	508,125	0	1,044,691 ⁽⁷⁾	0	694,552	0	1,103,260	3,350,628
Mark E. Wallace <i>Executive Vice President Dana, President, Commercial Vehicle Driveline Technologies, Op. Ex., Heavy Mfg. and Aftermarket</i>	2017	587,500	0	1,361,522	0	774,375	0	209,782	2,933,179
	2016	580,000	0	1,357,697	0	421,950	0	191,277	2,550,924
	2015	576,250	0	1,321,625 ⁽⁷⁾	0	781,324	0	190,166	2,869,365
Robert D. Pyle <i>President, Light Vehicle Driveline Technologies</i>	2017	503,000	0	983,124	0	606,900	0	179,171	2,272,195
	2016	477,000	0	939,503 ⁽⁷⁾	0	364,392	0	186,589	1,967,484

Footnotes:

- (1) The latest position held by the named executive officer as of December 31, 2017.
- (2) We have disclosed full year compensation only for those years during which the executive was a named executive officer.
- (3) This column includes a sign-on bonus provided to Mr. Kamsickas as part of his executive employment agreement upon commencement of employment with Dana and upon his first anniversary with Dana as discussed in the CEO Employment Agreement section below.
- (4) With respect to the 2017, 2016 and 2015 grants, this column shows the grant date value of the PSAs and RSUs computed in accordance with FASB ASC Topic 718. Also included in this column are dividend equivalent units earned in 2017. For additional information on the assumptions used in determining fair value for share-based compensation, refer to Notes 1 and 11 of the Notes to the Consolidated Financial Statements in Dana's Annual Report on Form 10-K for the year ended December 31, 2017. See the Grants of Plan-Based Awards table below for information on awards made in 2017. See the Outstanding Equity Awards at Fiscal Year-End table for the market value of awards not vested as of December 31, 2017. The values of the PSAs at the grant date if the highest level of performance conditions were to be achieved would be as follows: Mr. Kamsickas \$4,949,990; Mr. Collins \$1,249,974; Mr. Aghili \$1,029,992; Mr. Wallace \$1,333,996; Mr. Pyle \$963,986.
- (5) Mr. Kamsickas' total also includes a new-hire grant award in accordance with his CEO Employment Agreement, valued at \$1,750,000.

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(6) Mr. Collins total also includes a new-hire grant award in accordance with his offer letter, valued at \$300,000.

(7) Based upon the financial performance for the three-year period ending December 31, 2017, the PSAs that were granted in 2015 as part of the NEO s 2015 LTIP award resulted in payout of 72.15% as summarized below:

Name	Total 2015 LTIP Grant Value	Value of RSUs	Value of PSAs	Value of Actual Payout of PSAs
James K. Kamsickas	\$ 3,700,584	\$ 1,882,533	\$ 1,818,051	\$ 2,010,008
Aziz S. Aghili	\$ 1,050,872	\$ 535,887	\$ 514,985	\$ 474,191
Mark E. Wallace	\$ 1,325,895	\$ 676,148	\$ 649,747	\$ 598,286
Robert D. Pyle	\$ 897,813	\$ 457,821	\$ 439,991	\$ 405,155

Mr. Collins did not receive a 2015 LTIP award since he was hired after the grant date. The 2015 LTIP was comprised of 50% RSUs and 50% PSAs. Return on Invested Capital (ROIC) and Total Shareholder Return (TSR) are the performance metrics relative to the 2015 PSAs. The weighted payout was 72.15%, resulting from a 0% ROIC result and 144.3% result for TSR.

(8) This column shows the cash incentive awards earned for performance under our 2017 AIP. For years 2016 and 2015, the amount shown reflects cash incentive awards pursuant to the AIP payable in the reported year.

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- (9) The total values shown for the individuals during 2017 include perquisites and benefits set forth below. See the Compensation Discussion and Analysis section above regarding our executive perquisites allowance:
- a. *James K. Kamsickas* \$50,000 for perquisite allowance; \$20,250 for contributions to Dana Retirement Savings Plan (401(k)); \$155,595 for credits to Dana Restoration Plan; \$183,372 representing the change in value of the supplemental executive retirement plan; \$6,206 for life benefits (including AD&D and group variable universal life insurance); \$3,202 for business-related spousal travel; and \$1,185 for executive physical.
 - b. *Jonathan M. Collins* \$35,000 for perquisite allowance; \$20,250 for contributions to Dana Retirement Savings Plan (401(k)); \$42,265 for credits to Dana Restoration Plan; \$63,869 representing the change in value of the supplemental executive retirement plan; \$456 for life benefits (including AD&D and group variable universal life insurance); and \$1,965 for business-related spousal travel.
 - c. *Aziz S. Aghili* \$35,000 for perquisite allowance; \$20,250 for contributions to Dana Retirement Savings Plan (401(k)); \$38,145 for credits to Dana Restoration Plan; \$74,647 representing the change in value of the supplemental executive retirement plan; \$2,095 for life benefits (including AD&D and group variable universal life insurance); \$3,196 for business-related spousal travel; and \$781,367 for international assignment benefits which includes a tax gross-up payment of \$54,999.
 - d. *Mark E. Wallace* \$35,000 for perquisite allowance; \$20,250 for contributions to Dana Retirement Savings Plan (401(k)); \$55,459 for credits to Dana Restoration Plan; \$95,466 representing the change in value of the supplemental executive retirement plan; \$1,190 for life benefits (including AD&D and group variable universal life insurance); and \$2,417 for business-related spousal travel.
 - e. *Robert D. Pyle* \$35,000 for perquisite allowance; \$20,250 for contributions to Dana Retirement Savings Plan (401(k)); \$44,804 for credits to Dana Restoration Plan; \$73,116 representing the change in value of the supplemental executive retirement plan; \$1,041 for life benefits (including AD&D and group variable universal life insurance); \$4,170 for business-related spousal travel; and \$790 for executive physical.

The following table contains information on grants of awards to named executive officers in the fiscal year ended December 31, 2017 under the 2017 Dana Incorporated Omnibus Incentive Plan.

Grants of Plan-Based Awards at Fiscal Year-End

Name	Type of Award	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards or Units ⁽³⁾	All Other Officer Awards or Units ⁽³⁾	All Other Officer Grant Awards or Units ⁽³⁾	Base Date Fair Value of Stock and Option Awards ⁽⁴⁾
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)				
James K. Kamsickas	Performance Share Award	2/15/2017				31,666	126,663	253,326				
	Restricted Stock Unit Award	2/15/2017							205,369			2,474,995
	Annual Incentive Plan		339,000	1,356,000	2,712,000							4,322,406
Jonathan M. Collins	Performance Share Award	2/15/2017				7,996	31,985	63,970				
	Restricted Stock Unit Award	2/15/2017	107,813	431,250	862,500				48,574			936,599
Aziz S. Aghili	Performance Share Award	2/15/2017				6,589	26,356	52,712				514,996
	Restricted Stock Unit Award	2/15/2017							27,279			536,373
Mark E. Wallace	Annual Incentive Plan		92,750	371,000	742,000							
	Performance Share Award	2/15/2017				8,534	34,135	68,270				666,998
	Restricted Stock Unit Award	2/15/2017							35,324			694,524
	Annual Incentive Plan		110,625	442,500	885,000							

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Robert D. Pyle	Performance Share Award	2/15/2017				6,167	24,667	49,334		481,993
	Restricted Stock Unit Award	2/15/2017							25,494	501,131
	Annual Incentive Plan		89,250	357,000	714,000					

Footnotes:

- (1) These columns reflect the potential payments for each of the named executive officers under our 2017 AIP. As discussed in the AIP section of the Compensation Discussion and Analysis above, the actual payout for the 2017 AIP consolidated metrics was 183% of target based on 2017 performance against established metrics. Refer to the Non-Equity Incentive Compensation Plan column of the Summary Compensation Table for individual payouts. Refer to the 2017 AIP portion of the Compensation Discussion and Analysis section above for additional information on such program, including the performance targets that correspond to the potential payments listed.
- (2) These columns reflect the potential issuance of shares for each of the NEOs under the PSA component of the 2017 LTIP. As discussed in the LTIP awards section of the Compensation Discussion and Analysis, PSAs account for fifty percent (50%) of the 2017 LTIP and such awards cliff vest at the end of the three-year period based on performance against established metrics. Refer to the 2017 LTIP portion of the Compensation Discussion and Analysis section above for additional information on such program, including the performance targets that correspond to the potential payouts listed.
- (3) This amount represents the number of RSUs granted as a component of the 2017 LTIP and the dividend equivalent units granted in 2017. As discussed in the LTIP section of the Compensation Discussion and Analysis, RSUs accounted for fifty percent (50%) of the 2017 LTIP. The RSUs cliff vest three (3) years from the date of grant. Mr. Kamsickas total also includes a grant of 74,499 RSUs in accordance with his CEO Employment Agreement, valued at \$1,750,000. Mr. Collins total also includes a grant of 16,085 RSUs in accordance with his new-hire offer letter.
- (4) This column represents the fair value (at grant date) of PSAs, RSUs and dividend equivalents granted to each of the NEOs in 2017. The value of the PSAs and RSUs is calculated using the closing stock price on the date of grant. The value of PSAs assumes a target level of performance. The value of the dividend equivalents is calculated using the closing stock price on each quarterly dividend payment date.

The following table provides information on stock option, PSAs and RSUs awarded pursuant to the Plan for each named executive officer that were outstanding as of December 31, 2017.

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Each outstanding award is shown separately. The market value of the stock awards is based on the closing market price of Dana common stock on December 29, 2017 of \$32.01 per share.

Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽¹⁰⁾
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Exercised Options (#)	Option Exercise Price (\$)	Option Exercise Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
James K. Kamsickas					127,980 ⁽¹⁾	4,096,640	253,326 ⁽⁶⁾	8,108,965
					179,312 ⁽²⁾	5,739,777	350,448 ⁽⁷⁾	11,217,840
					101,539 ⁽³⁾	3,250,263	70,750 ⁽⁸⁾	2,264,708
Jonathan M. Collins					48,513 ⁽¹⁾⁽⁴⁾	1,552,901	63,970 ⁽⁶⁾	2,047,680
Aziz S. Aghili					26,628 ⁽¹⁾	852,362	52,712 ⁽⁶⁾	1,687,311
					39,502 ⁽²⁾	1,264,459	77,210 ⁽⁷⁾	2,471,492
					24,074 ⁽⁵⁾	770,609	16,691 ⁽⁹⁾	534,279
Mark E. Wallace					34,488 ⁽¹⁾	1,103,961	68,270 ⁽⁶⁾	2,185,323
					51,164 ⁽²⁾	1,637,760	100,000 ⁽⁷⁾	3,201,000
					30,375 ⁽⁵⁾	972,304	21,059 ⁽⁹⁾	674,099
Robert D. Pyle					24,922 ⁽¹⁾	797,752	49,334 ⁽⁶⁾	1,579,181
					35,436 ⁽²⁾	1,134,306	69,264 ⁽⁷⁾	2,217,141
					20,567 ⁽⁵⁾	658,350	14,261 ⁽⁹⁾	456,495

Footnotes:

- (1) RSUs granted on February 15, 2017 cliff vest on February 15, 2020.
- (2) RSUs granted on March 23, 2016 cliff vest on March 23, 2019.
- (3) RSUs granted on August 11, 2015 cliff vest on August 11, 2018.
- (4) RSUs granted on March 28, 2017 cliff vest on March 28, 2018.
- (5) RSUs granted on February 24, 2015 cliff vest on February 24, 2018.
- (6) PSAs granted on February 15, 2017 cliff vest after three-year performance period.
- (7) PSAs granted on March 23, 2016 cliff vest after three-year performance period.

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- (8) This reflects the shares earned from the PSA component of the LTIP award issued on August 11, 2015 based on weighted performance results of 72.15%.
- (9) This reflects the shares earned from the PSA component of the LTIP award issued on February 24, 2015 based on weighted performance results of 72.15%.
- (10) For the PSAs granted in 2017, the amounts in this column reflect the market value of 200% of the PSAs granted (i.e. maximum performance) based on the closing stock price of \$32.01 on December 29, 2017. For the performance shares granted in 2016, the amounts in this column reflect the market value of 200% of the PSAs granted (i.e., maximum performance) based on the closing stock price of \$32.01 on December 29, 2017. For the PSAs granted in 2015, the amounts in this column reflect actual performance based on achievement of 72.15% of the PSAs granted for the performance period ended December 31, 2017.

The following table provides information concerning the exercise of stock options, stock appreciation rights and the vesting of PSAs and RSUs, during the fiscal year ended December 31, 2017, for each of the named executive officers.

Options Exercised and Stock Vested During Fiscal Year

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽¹⁾
James K. Kamsickas			74,999	\$ 1,749,982
Jonathan M. Collins			18,732	\$ 349,352
Aziz S. Aghili ⁽²⁾	68,924	\$ 928,351	22,600	\$ 429,626
Mark E. Wallace	53,984	\$ 182,685	31,926	\$ 606,913
Robert D. Pyle ⁽²⁾	41,029	\$ 617,115	18,916	\$ 359,593

Footnotes:

- (1) These values represent the vesting of RSUs and were determined by using the closing prices of our common stock on the New York Stock Exchange on such vesting dates.
- (2) Mr. Aghili and Mr. Pyle received the value of their exercised stock appreciation awards in cash.

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The following table provides information on the nonqualified deferred compensation of the named executive officers with respect to the fiscal year ended December 31, 2017.

Nonqualified Deferred Compensation at Fiscal Year-End

Name	Dana Credits in 2017 (\$)	Aggregate Earnings in 2017 (\$)	Aggregate Withdrawals / Distributions in 2017 (\$)	Aggregate Balance on 12/31/17 (\$)
James K. Kamsickas	\$ 331,440 ⁽¹⁾	\$ 29,243 ⁽²⁾	0	\$ 880,104 ⁽³⁾
Jonathan M. Collins	\$ 104,780 ⁽¹⁾	\$ 2,677	0	\$ 143,303
Aziz S. Aghili	\$ 96,681 ⁽¹⁾	\$ 58,409	0	\$ 726,920
Mark E. Wallace	\$ 131,168 ⁽¹⁾	\$ 218,453 ⁽²⁾	0	\$ 1,919,088 ⁽³⁾
Robert D. Pyle	\$ 109,859 ⁽¹⁾	\$ 83,032	0	\$ 796,337

Footnotes:

- (1) Includes credit for employer fixed and matching contributions that exceed the IRS limits for our qualified 401(k) plan and credit for the supplemental executive retirement plan described below. This credit is also reflected in Footnote 9 of the Summary Compensation Table above.

Restoration Plan Company Credits		Supplemental Executive Retirement Plan Credits	
James K. Kamsickas	\$ 155,595	James K. Kamsickas	\$ 175,845
Jonathan M. Collins	\$ 42,265	Jonathan M. Collins	\$ 62,515
Aziz S. Aghili	\$ 38,145	Aziz S. Aghili	\$ 58,536
Mark E. Wallace	\$ 55,459	Mark E. Wallace	\$ 75,709
Robert D. Pyle	\$ 44,804	Robert D. Pyle	\$ 65,055

- (2) Includes earnings on employee deferrals in the deferred compensation plan.

- (3) Includes deferred compensation plan balance.

Retirement Plans

Dana maintains a non-qualified supplemental executive retirement plan for certain executives, including the named executive officers. Under the terms of the supplemental executive retirement plan, Dana established unfunded notional defined contribution accounts subject to the claims of Dana's general creditors. Each participant account will be credited on an annual basis as follows: (a) fixed employer credits equal to 3.5% of compensation; and (b) discretionary employer credits based on Dana's sole discretion and company performance not to exceed 4% of compensation. Dana credits the accumulated balance of each account with an annualized compounded rate of return of 5%. Participants are fully vested after five (5) years of service or upon death, disability or Change in Control.

Dana also maintains a non-qualified deferred compensation plan that allows certain executives to defer base pay and/or incentive pay into unfunded notional accounts subject to the claims of Dana's general creditors.

CEO EMPLOYMENT AGREEMENT

Mr. Kamsickas became President and Chief Executive Officer and a member of the Board of Directors of Dana effective August 11, 2015. Under the terms of the agreement in connection with his appointment as President and Chief Executive Officer, Mr. Kamsickas is entitled to the following:

Annual base salary;

Upon the achievement of target-level performance, an annual bonus;

Annual grants pursuant to the long-term incentive program under Dana's 2017 Omnibus Incentive Plan;

A special grant of common stock valued at \$5,000,000 granted thirty percent (30%) on the first anniversary of his effective date of hire, thirty-five percent (35%) to be granted on the second anniversary of his effective date of hire, and thirty-five percent (35%) to be granted on the third anniversary of his effective date of hire; and

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All of Dana's benefit plans or arrangements in effect from time to time with respect generally to senior executives. Mr. Kamsickas' employment agreement is for an initial term of three (3) years, subject to extension at the end of the term for additional one-year terms. Pursuant to his employment agreement and in lieu of his participation in the Executive Severance Plan, if Dana involuntarily terminates Mr. Kamsickas' employment without cause (as defined below) (and not due to disability) or he voluntarily terminates his employment for good reason (as defined below), subject to his execution and non-revocation of a release of claims, he would be entitled to (i) severance in an amount equal to twenty-four (24) months of base salary, payable in regular payroll installments over the twenty-four (24) month period commencing on the date of termination, (ii) a bonus for the year of termination based on actual performance under the annual incentive program and a bonus for the calendar year after termination at the target amount, both payable when annual bonuses are paid to other senior executives, (iii) medical, dental, prescription drug, basic life insurance and employee assistance program benefits for twenty-four (24) months following the date of his termination subject to his payment of any required employee contributions consistent with those contributions required of active employees of Dana (and which benefits shall be coterminous with his entitlement to COBRA health benefits continuation), and (iv) outplacement benefits (having a cost not exceeding \$50,000).

Pursuant to Mr. Kamsickas' employment agreement, **cause** generally means (i) a willful and material misappropriation of any monies or assets or properties of Dana; (ii) a willful and material breach by him of the terms of his employment agreement that is demonstrably injurious to Dana and that, if capable of cure, has not been cured within thirty (30) days after written notice to him; or (iii) the conviction of, or plea of guilty or nolo contendere by him to, a felony or to any criminal offense involving his moral turpitude.

Pursuant to Mr. Kamsickas' employment agreement, **good reason** generally means the occurrence of any of the following without his consent: (i) any material adverse change by Dana in his title, position, authority or reporting relationships with Dana; (ii) Dana's requirement that he relocate to a location in excess of fifty (50) miles from Dana's current office location or from any future office location acceptable to him; or (iii) any material breach by Dana of the employment agreement which is not cured within thirty (30) days after written notice by Mr. Kamsickas to Dana, which notice shall specify the breach and the nature of conduct necessary to cure such breach.

For a period of twenty-four (24) months following his termination of employment, Mr. Kamsickas is prohibited from competing against Dana, soliciting its customers or employees, and working for a competitor. Mr. Kamsickas has also agreed that he will not disclose Dana's confidential information.

POTENTIAL PAYMENTS AND BENEFITS

UPON TERMINATION OR CHANGE IN CONTROL

As discussed in the **Compensation Discussion and Analysis** section above, Dana maintains both an Executive Severance Plan and Change in Control Severance Plan that apply to certain senior executives, including our named executive officers.

Set forth below is a description of each plan (applicable to eligible executive officers, including named executive officers). This is followed by tables relating to Messrs. Kamsickas, Collins, Aghili, Wallace and Pyle.

Executive Severance Plan

In the event any eligible executive officer, except our CEO (as he is entitled to payments under his employment agreement), is involuntarily terminated by Dana without cause (as defined below) and other than due to death or disability and such termination occurs prior to a Change in Control, Dana will pay the executive an amount equal to twelve (12) months of base salary plus the cost of COBRA premiums for twelve (12) months.

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Additionally, the executive will receive payment or receive reimbursement for reasonable costs of outplacement services, subject to a maximum amount of \$25,000.

For purposes of the Executive Severance Plan and the Change in Control Severance Plan described below, *cause* generally means an executive's (i) continued failure to perform substantially the duties owed to Dana after a written demand for substantial performance is delivered specifically identifying the nature of such unacceptable performance; (ii) conviction of, or plea of guilty or nolo contendere to the charge of having committed, a felony or any other criminal charge involving fraud, moral turpitude, embezzlement or theft; (iii) material violation of Dana's standards of business conduct or other Company policies applicable to Company employees that warrants termination; (iv) abuse of alcohol or either prescription or illegal drugs substantially affecting work performance; (v) conduct that constitutes gross misconduct in the performance of his employment duties, including, but not limited to, any act of dishonesty or knowing or willful breach of fiduciary duty that is intended to result in personal enrichment or gain at the expense of Dana; or (vi) deliberate, willful or intentional act that causes substantial harm, loss or injury to Dana.

Change in Control Severance Plan

Under our Change in Control Severance Plan in effect during 2017, all eligible executive officers who incurred a qualifying termination (as defined below) were entitled to receive two (2) years of salary and twice his or her target bonus (three (3) years of salary and three (3) times his or her target bonus, in the case of the CEO) for the year in which termination occurred. In addition, each named executive officer was entitled to: (1) the full amount of any earned but unpaid base salary through the date of termination plus a cash payment for all unused vacation time accrued as of the termination date; (2) a pro rata portion of his or her annual bonus for the year in which termination occurred, based on actual performance as of the date of termination; (3) all equity awards vesting in full (target number of performance shares) and becoming fully exercisable as of the termination date; (4) a lump sum cash amount to allow, but not require, the employee to purchase additional coverage equal to a total of two (2) years, (three (3) years for our CEO) of subsidized COBRA; and (5) reasonable costs of outplacement services not to exceed \$25,000 (\$50,000 for our CEO). The plan did not provide for any excise tax gross-up payments to executive officers in connection with a change in control.

For purposes of the Change in Control Severance Plan, *qualifying termination* generally meant (i) an executive's involuntary termination of employment with Dana during the 24-month period following a change in control (36-month period for the CEO) other than a termination by reason of death, disability or for cause or (ii) an executive's resignation of employment with Dana during such period for good reason (as defined below).

For purposes of the Change in Control Severance Plan, *good reason* generally meant an executive's resignation of employment without the express written consent of the executive as a result of any one of the following: (a) a meaningful and detrimental alteration in such executive's position, titles, or the nature or status of responsibilities from those in effect immediately prior to the change in control date; (b) a reduction by Dana in such executive's base salary as in effect immediately prior to the change in control date or as the same may be increased from time to time thereafter; a failure by Dana to increase such executive's salary at a rate commensurate with that of other similarly situated key executives of Dana; or a reduction in the target incentive opportunity percentage used to determine such executive's target bonus below the percentage in effect immediately prior to the change in control date; (c) the failure by Dana to continue to provide such executive with benefits at least as favorable in the aggregate to those enjoyed by such executive under Dana's retirement, savings, life insurance, medical, health and accident, disability, and fringe benefit plans and programs in which such executive participated in immediately prior to the change in control date; or the failure by Dana to provide such executive with the number of paid vacation days to which he or she was entitled on the basis of years of service with Dana in accordance with Dana's normal vacation policy in effect immediately prior to the change in control; (d) the failure by Dana to pay to or provide such executive with any material item of compensation or benefits promptly when due; (e) the failure of Dana to obtain an express written agreement from any successor to assume and agree to perform the obligations of the Change in Control Severance Plan or, if the business for which such executive's services were principally performed is sold at any time after a change in control, the

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failure of Dana to obtain such an agreement from the purchaser of such business; (f) if the employee has a separate severance agreement, then the occurrence of any event that constitutes good reason under such agreement; and (g) any other action or inaction that constitutes a material breach by Dana of the Change in Control Severance Plan or of an employment agreement between Dana and the executive. If the executive reasonably demonstrated that an event described in clauses (a) through (g) above was at the request of a third party who had indicated an intention or taken steps reasonably calculated to effect a change in control and who effectuates a change in control within six (6) months following such event, such event was deemed to constitute good reason occurring on the date of the change in control.

Equity Award Provisions

Pursuant to the award agreements for the RSUs, vesting accelerates if the recipient's employment is terminated without cause or by reason of death, disability or normal retirement on a prorated basis based on the number of full months of employment in the vesting period. Pursuant to the award agreements for the performance shares, vesting accelerates if the recipient's employment is terminated without cause or by reason of death, disability or normal retirement on a prorated basis based on the number of full months of employment in the vesting period and based on actual performance during the performance period.

The following tables set forth the potential payments that would have been due to our named executive officers upon termination or a change of control as of December 31, 2017.

James K. Kamsickas

The following table describes the potential termination and change in control payments to Mr. Kamsickas, Dana's President and Chief Executive Officer, under a variety of circumstances.

Pay Element	Change in Control and Termination Without Cause or Voluntary Termination with Good Reason	Death / Disability	Termination Without Cause or Voluntary Termination with Good Reason (No Change in Control)
Cash Compensation			
Separation Payment	\$ 7,458,000 ⁽¹⁾		\$ 2,260,000 ⁽²⁾
Annual Incentive Award ⁽³⁾	\$ 2,522,160	\$ 2,522,160	\$ 1,356,000
Long-Term Incentive			
Performance Shares	\$ 9,663,403 ⁽⁴⁾	\$ 8,229,707 ⁽⁵⁾	\$ 8,229,707

The validity of certain securities will be passed upon for us by Venable LLP, Baltimore, Maryland. The validity of the debt securities will be passed upon for us by Latham & Watkins LLP. Certain tax matters will be passed upon for us by Chapman and Cutler LLP, San Francisco, California. Certain matters relating to Delaware law regarding the validity of the trust preferred securities will be passed upon for us by Richards, Layton & Finger, P.A.

EXPERTS

The consolidated financial statements as of and for the years ended December 31, 2009 and 2008 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2009 incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2009 (as amended by Amendment No. 1 on Form 10-K/A) have been so incorporated in reliance on the reports of Grant Thornton LLP, independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them which means that we can disclose important information to you by referring you to those documents instead of having to repeat the information in this prospectus. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the following documents:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed with the SEC on February 25, 2010;
- Amendment No.1 on Form 10-K/A to Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed with the SEC on February 26, 2010;
- Quarterly Reports on Form 10-Q for the quarter ended March 31, 2010, which was filed with the SEC on May 5, 2010, and for the quarter ended June 30, 2010, which was filed with the SEC on August 4, 2010;
- Amendment No. 1 on Form 10-Q/A for the quarter ended June 30, 2010, which was filed with the SEC on August 6, 2010;
- Current Reports on Form 8-K, filed with the SEC on January 26, 2010, March 18, 2010, and May 19, 2010;
- Proxy Statement with respect to the 2010 Annual Meeting of Stockholders, which was filed with the SEC on April 2, 2010;
- The description of our common stock contained in our Registration Statement on Form 8-A, which was filed with the SEC on January 7, 1998; and
- All documents filed by Redwood Trust, Inc. with the SEC pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act, after the date of this prospectus and prior to the termination of the offering (but excluding any items, documents, or portions of items or documents which are deemed "furnished" and not filed with the SEC).

This prospectus is part of a registration statement on Form S-3 we have filed with the SEC under the Securities Act. This prospectus does not contain all of the information in the registration statement. We have omitted certain parts of the registration statement, as permitted by the rules and regulations of the SEC. You may inspect and copy the registration statement, including exhibits, at the SEC's Public Reference Room or on our website at <http://www.redwoodtrust.com>.

Information contained on our website is not and should not be deemed a part of this prospectus or any other report or filing filed with the SEC. Our statements in this prospectus about the contents of any contract or other document are not necessarily complete. You should refer to the copy of each contract or other document we have filed as an exhibit to the registration statement for complete information.

We will furnish without charge to you, upon written or oral request, a copy of any or all of the documents incorporated by reference, including exhibits to these documents. You should direct any requests for documents to:

Redwood Trust, Inc.

Edgar Filing: DANA INC - Form DEF 14A

Attn: Investor Relations
One Belvedere Place, Suite 300
Mill Valley, CA 94941
(415) 389-7373

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly, and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our filings with the SEC are also available to the public at the SEC's website at <http://www.sec.gov>. You may also obtain copies of the documents at prescribed rates by writing to the SEC's Public Reference Section at 100 F Street, N.E., Washington, D.C. 20549. Certain of our filings with the SEC are available on our website at <http://www.redwoodtrust.com>. Information contained on our website is not and should not be deemed a part of this prospectus or any other report or filing filed with the SEC.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The following table itemizes the expenses incurred by the Registrant in connection with the issuance and registration of the securities being registered hereunder. All amounts shown are estimates except the Securities and Exchange Commission registration fee.

SEC registration fee	\$	(1)
Printing and engraving expenses	\$	(2)
Legal fees and expenses	\$	(2)
Accounting fees and expenses	\$	(2)
Blue Sky fees and expenses	\$	(2)
Fees of rating agencies	\$	(2)
Trustee fees and expenses	\$	(2)
Miscellaneous fees and expenses	\$	(2)
Total	\$	(2)

(1) Under SEC Rules 456(b) and 457(r), the SEC registration fee will be paid at the time of any particular offering of securities under the registration statement, and is therefore not currently determinable.

(2) These fees are calculated based on the securities offered and the number of issuances and accordingly cannot be estimated at this time.

Item 15. Indemnification of Directors and Officers.

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property, or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. The charter of the registrant contains such a provision which eliminates such liability to the maximum extent permitted by Maryland law.

The charter and bylaws of the registrant require it, to the maximum extent permitted by Maryland law, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any present or former director or officer or (b) any individual who, while a director or officer of the registrant and at the request of the registrant, serves or has served as a director, officer, partner, or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan, or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any such capacity. The bylaws of the registrant establish certain procedures for indemnification and advance of expenses pursuant to applicable law and the registrant's charter. The charter and bylaws also permit the registrant to indemnify and advance expenses to any person who served a predecessor of the registrant in any of the capacities described above and to any employee or agent of the registrant or a predecessor of the registrant.

The MGCL requires a corporation (unless its charter provides otherwise, which the registrant's charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property, or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it shall ultimately be determined that the standard of conduct was not met.

Item 16. Exhibits

Exhibit Number	Description
1.1	Underwriting Agreement(1)
4.1	Articles of Amendment and Restatement of the Registrant, effective July 6, 1994 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1, filed on August 6, 2008)
4.1.1	Articles Supplementary of the Registrant, effective August 10, 1994 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.1, filed on August 6, 2008)
4.1.2	Articles Supplementary of the Registrant, effective August 11, 1995 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.2, filed on August 6, 2008)
4.1.3	Articles Supplementary of the Registrant, effective August 9, 1996 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.3, filed on August 6, 2008)
4.1.4	Certificate of Amendment of the Registrant, effective June 30, 1998 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.4, filed on August 6, 2008)
4.1.5	Articles Supplementary of the Registrant, effective April 7, 2003 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.5, filed on August 6, 2008)
4.1.6	Articles Supplementary of the Registrant, effective June 12, 2008 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.6, filed on August 6, 2008)
4.1.7	Articles of Amendment effective May 19, 2009 (incorporated by reference to the Registrant's Current Report on Form 8-K, Exhibit 3.1, filed on May 21, 2009)
4.2	Amended and Restated Bylaws, as adopted on March 5, 2008 (incorporated by reference to Registrant's Current Report on Form 8-K, Exhibit 3.1, filed on March 11, 2008)
4.3	Form of Common Stock Certificate (incorporated by reference to the Registrant's Registration Statement on Form S-11 (No. 333-08363), Exhibit 4.3, filed on August 6, 1996)
4.4	Form of Preferred Stock Certificate(1)
4.5	Form of Debt Security(1)
4.6	Form of Indenture (incorporated by reference to the Registrant's Registration Statement on Form S-3 (No. 333-147604), Exhibit 4.6, filed on November 23, 2007)
4.7	Form of Warrant(1)
4.8	Form of Warrant Agreement(1)
4.9	Certificate of Trust of Redwood Capital Trust II
4.10	Trust Agreement of Redwood Capital Trust II by and between Redwood Trust, Inc., as sponsor, and Wells Fargo Delaware Trust Company, N.A., as Delaware trustee
4.11	Form of Amended and Restated Trust Agreement of Redwood Capital Trust II among Redwood Trust, Inc., as depositor, Wells Fargo Bank, N.A., as property trustee, Wells Fargo Delaware Trust Company, N.A., as Delaware trustee, and the Regular Trustees named therein, as regular trustees
4.12	Form of Trust Preferred Security of Redwood Capital Trust II (included in Exhibit 4.11)
4.13	Form of Guarantee Agreement for Redwood Capital Trust II by and between Redwood Trust, Inc., as guarantor, and Wells Fargo Bank, N.A., as trustee.
5.1	Opinion of Venable LLP
5.2	Opinion of Latham & Watkins LLP
5.3	Opinion of Richards, Layton & Finger, P.A.
8.1	Opinion of Chapman and Cutler LLP

12.1	Statement of Computation of Ratios
23.1	Consent of Grant Thornton LLP
23.2	Consent of Venable LLP (contained in Exhibit 5.1)
23.3	Consent of Latham & Watkins LLP (contained in Exhibit 5.2)
23.4	Consent of Richards, Layton & Finger, P.A. (contained in Exhibit 5.3)
23.5	Consent of Chapman and Cutler LLP (contained in Exhibit 8.1)
24.1	Power of Attorney (included on signature page to this Registration Statement)
25.1	Statement of Eligibility of Trustee on Form T-1(1)

(1) To be filed by amendment or incorporated by reference in connection with the offering of securities.

Item 17. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the registration statement is on Form S-3 or Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into

the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned registrant hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of section 310 of the Trust Indenture Act ("Act") in accordance with the rules and regulations prescribed by the Commission under section 305(b)(2) of the Act.

(d) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Redwood Trust, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mill Valley, State of California, on this 6th day of August 2010.

REDWOOD TRUST, INC.

By: /s/ Martin S. Hughes
Name: Martin S. Hughes
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, Redwood Capital Trust II certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mill Valley, State of California, on this 6th day of August 2010.

REDWOOD CAPITAL TRUST II

By: Redwood Trust, Inc.,
as Sponsor

By: /s/ Martin S. Hughes
Name: Martin S. Hughes
Title: President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENT, that each person whose signature appears below constitutes and appoints Martin S. Hughes, Brett D. Nicholas, Harold F. Zagunis, and each or either of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Martin S. Hughes Martin S. Hughes	President and Chief Executive Officer (Principal Executive Officer)	August 6, 2010
/s/ Diane L. Merdian Diane L. Merdian	Chief Financial Officer (Principal Financial Officer)	August 6, 2010
/s/ Christopher J. Abate Christopher J. Abate	Managing Director and Controller (Principal Accounting Officer)	August 6, 2010
/s/ George E. Bull, III George E. Bull, III	Chairman of the Board, Director	August 6, 2010
/s/ Richard D. Baum Richard D. Baum	Director	August 6, 2010
/s/ Thomas C. Brown Thomas C. Brown	Director	August 6, 2010
/s/ Mariann Byerwalter Mariann Byerwalter	Director	August 6, 2010
/s/ Douglas B. Hansen Douglas B. Hansen	Director	August 6, 2010
/s/ Greg H. Kubicek Greg H. Kubicek	Director	August 6, 2010
/s/ Jeffrey T. Pero Jeffrey T. Pero	Director	August 6, 2010
/s/ Georganne C. Proctor Georganne C. Proctor	Director	August 6, 2010
Charles J. Toeniskoetter	Director	

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