

Table of Contents

borrowing capacity of \$100 at December 31, 2003 and is subject to further proceeds-based reductions until its June 2004 maturity. Interest rates under the facility equal LIBOR or the prime rate, plus a spread that varies depending on DCC's credit ratings. At December 31, 2003, there was \$30 outstanding under DCC's revolving credit facility.

Because our financial performance is impacted by various economic, financial and industry factors, we cannot say with certainty whether we will satisfy the covenants under these long-term bank facilities in the future. Noncompliance with these covenants would constitute an event of default, allowing the lenders to accelerate the repayment of any borrowings outstanding under the facilities. While no assurance can be given, we believe that we would be able to successfully negotiate amended covenants or obtain waivers if an event of default were imminent; however, we might be required to provide additional collateral to the lenders or make other financial concessions. Default under the credit facilities or any of our significant note agreements may result in defaults under our other debt instruments. Our business, results of operations and financial condition could be adversely affected if we were unable to successfully negotiate amended covenants or obtain waivers on acceptable terms.

Based on our rolling six-quarter forecast, we expect our cash flows from operations, combined with these credit facilities and the accounts receivable securitization program, to provide sufficient liquidity to fund our debt service obligations, projected working capital requirements, restructuring obligations and capital spending for a period that includes the next twelve months.

Hedging Activities — At December 31, 2003, we had a number of open forward contracts to hedge against certain anticipated net purchase and sale commitments. These contracts are for a short duration and none extends beyond the first quarter of 2005. The aggregate fair value of these contracts is a favorable amount approximating \$3. These contracts have been valued by independent financial institutions using the exchange spot rate on December 31, 2003, plus or minus quoted forward basis points, to determine a settlement value for each contract.

In order to provide a better balance of fixed and variable rate debt, we have interest rate swap agreements in place to effectively convert the fixed interest rate on certain of our notes to variable rates. These swap agreements have been designated as fair value hedges and the impact of the change in their value is offset by an equal and opposite change in the carrying value of the notes. In May 2003, we received \$18 in connection with terminating two of the swap agreements. Because these agreements had been designated as fair value hedges of the corresponding notes, the carrying value of the notes had been adjusted to offset the recent increases in the fair value of the swap agreements. This valuation adjustment will be amortized as a reduction of interest expense over the remaining life of the notes. The terminated agreements were replaced with new swap agreements. Under the current agreements, we receive an average fixed rate of interest of 9.26% on notional amounts of \$825 and €200 and we pay a variable rate based on either LIBOR, plus a spread, or EURIBOR, plus a spread, respectively. As of December 31, 2003, the average variable rate under these agreements approximated 6.38%. The swap agreements expire in August 2011 (\$575 and €200) and March 2010 (\$250), coinciding with the terms of the hedged notes. Based on the aggregate fair value of these agreements at December 31, 2003, we recorded a noncurrent liability of \$11 and offset the carrying value of long-term debt. This adjustment of long-term debt, which does not affect the scheduled principal payments, will fluctuate with the fair value of the swap agreements and will not be amortized if the swap agreements remain open.

DCC was party to interest rate swaps which provided for DCC to receive payments based on prevailing short-term market rates and pay a 7.95% fixed rate on a notional amount of \$45. These agreements expired in the second half of 2003 coincident with the maturity of the medium-term notes