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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2000

Commission file number

1-1063

DANA CORPORATION

(Exact name of registrant as specified in its charter)

Virginia

34-4361040

(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

4500 Dorr Street, Toledo, Ohio

43615

(Address of principal executive offices)

(Zip Code)

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

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

Title of each class

Name of each exchange on which registered

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

None

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

The aggregate market value of the voting stock held by non-affiliates of the registrant at February 16, 2001 was approximately \$2,570,000,000.

There were 147,926,157 shares of registrant's Common Stock, \$1 Par Value, outstanding at February 16, 2001.

DOCUMENTS INCORPORATED BY REFERENCE

	Document	Where Incorporated
1.	Proxy Statement for Annual Meeting of Shareholders to be held on April 4, 2001.	Part III
2.	Annual Report to Shareholders for year ended December 31, 2000.	Parts I, II, IV

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

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PART I

ITEM 1 — BUSINESS

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

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

- **Automotive Systems Group (ASG)** — This group produces light duty axles, driveshafts, structural products (such as engine cradles and frames), transfer cases, original equipment brakes and integrated modules and systems for the light vehicle market and driveshafts for the heavy truck market. The group has 127 facilities and employs 24,100 people in 21 countries. Its three largest customers, Ford Motor Company (Ford), DaimlerChrysler AG (DaimlerChrysler) and General Motors Corporation (GM), helped it attain sales of \$4.6 billion in 2000.
- **Automotive Aftermarket Group (AAG)** — The AAG sells hydraulic brake components and disc brakes for light vehicle applications, internal engine hard parts, chassis products and a complete line of filtration products for a variety of applications worldwide. In addition, it sells electrical, brake, power transmission, steering and suspension system components in the United Kingdom and continental Europe. The AAG has 129 facilities and 20,100 people in 24 countries. In 2000, its sales were \$2.9 billion and its three largest customers were Genuine Parts Company, General Parts, Inc. and Parts Plus.
- **Heavy Truck Group (HTG)** — The HTG, a major global supplier to the medium and heavy truck markets, produces heavy axles and brakes, drivetrain components, trailer products and power take-off units. It also assembles modules and systems for heavy trucks. The group has 25 facilities in 7 countries. In 2000, this group recorded sales of \$1.6 billion while employing 5,300 people. Its largest customers were Renault V.I./Mack Trucks, Inc., PACCAR Inc and Navistar International Corporation.
- **Engine Systems Group (ESG)** — This group serves the automotive, light to heavy truck, leisure and outdoor power equipment and industrial markets (including nearly every major engine manufacturer in the world and related aftermarkets) with sealing products, internal engine hard parts, electronic modules and sensors. The group has 91 facilities and 14,900 people in 19 countries. In 2000, its sales were \$1.3 billion and its three largest customers were Ford, GM and DaimlerChrysler.
- **Fluid Systems Group (FSG)** — This group manufactures an extensive line of products focused on the pumping, routing and thermal management of fluid systems for a wide range of applications, including passenger cars, heavy trucks, sport and leisure vehicles and off-highway applications. Its products include an extensive line of rubber hose and fluid products and management systems. FSG has 54 facilities and 10,000 people in 7 countries. Its 2000 sales were \$1.2 billion to a customer base led by Ford, DaimlerChrysler and Visteon Corporation (Visteon).
- **Off-Highway Systems Group (OHSG)** — This group produces axles and brakes, transaxles, power-shift transmissions, torque converters and electronic controls. These products serve the construction, agriculture, mining, specialty chassis, outdoor power, material handling, forestry and leisure/utility equipment markets. OHSG has 14 facilities and 3,600 people in 6 countries. Its 2000 sales were nearly \$700 million and Deere & Company, Textron Inc. and Manitou S.A. were its three largest customers.
- **Leasing Services** — DCC and its subsidiaries provide leasing services to selected markets in the U.S., Canada, the United Kingdom and continental Europe. DCC's key products are middle ticket and capital markets leasing and other finance products. It also provides asset and real property management services. DCC has 8 facilities in three countries and employs approximately 300 people.

This SBU alignment reflects the SBU structure at the end of 2000. Several changes were made to the SBUs during 2000, the most significant of which was the shifting of our fluid handling products operations from the ESG to the FSG. You can find more information in "Note 13. Business Segments" on pages 33-35 of our 2000 Annual Report.

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ACQUISITION AND DIVESTITURE SUMMARY

We completed several divestitures in 2000. The divested operations included Gresen Hydraulics and portions of our constant velocity (CV) joint business in January, most of Warner Electric in February and Commercial Vehicle Cab Systems in March. A number of strategic acquisitions and investments also closed in 2000, including the cardan-jointed driveshaft business of GKN plc

in January, the automotive axle manufacturing and stamping operations of Invensys plc in July and equity interests in GETRAG, a manufacturer of transmissions, transaxles, axles and other automotive components operating in Europe and North America in November. See “Note 18. Acquisitions” on page 37 and “Note 19. Divestitures” on page 38 of our 2000 Annual Report for more information about these transactions.

We also continued integrating the AAG warehouse operations obtained as part of the Echlin merger. See “Note 20. Restructuring of Operations” on page 39 of our 2000 Annual Report for more information about these activities.

STRATEGY

During 2000, we introduced Transformation 2005, a strategic plan that focuses on our foundation businesses, our basic markets and the company-wide services that support our people. Aligned with our foundation businesses are our core products, each of which is a leader in the markets it serves. The markets we support are automotive, commercial vehicle and off-highway and each consists of original equipment (OE) production, OE service and aftermarket segments. Supporting services include systems integration, logistics, training and customer support, information systems, advanced technical innovation and leasing services.

Our objectives include aligning these products, markets and services to best serve our customers by offering a broader range of technology, a global presence, greater flexibility and quicker speed to market, all at competitive pricing. Additional objectives include increasing capital efficiency and product innovation and implementing our employee initiatives and training throughout our global organization.

GEOGRAPHICAL AREAS

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

Our operations are located in the following countries:

<u>North America</u>	<u>Europe</u>		<u>South America</u>	<u>Asia Pacific</u>
Canada	Austria	Netherlands	Argentina	Australia
Mexico	Belgium	Poland	Brazil	China
United States	Czech Republic	Russia	Colombia	Indonesia
	France	Slovakia	South Africa	Japan
	Germany	Spain	Uruguay	Singapore
	Hungary	Sweden	Venezuela	South Korea
	India	Switzerland		Taiwan
	Ireland	Turkey		Thailand
	Italy	United Kingdom		

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

Consolidated non-U.S. sales were \$3.8 billion, or 31% of our 2000 sales. Including U.S. exports of \$832 million, non-U.S. sales accounted for 37% of 2000 consolidated sales. Non-U.S. net income was \$117 million, or

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35% of consolidated 2000 net income. In addition, there was \$32 million of equity in earnings of non-U.S. affiliates in 2000.

You can find more information about regional operating results in “Note 13. Business Segments” on pages 33 - 35 of our 2000 Annual Report.

CUSTOMER DEPENDENCE

We have thousands of customers around the world and have developed long-standing business relationships with many of them. Our attention to quality, delivery and service has been recognized by numerous customers who have awarded us with supplier quality awards. Ford and DaimlerChrysler were the only individual customers accounting for more than 10% of our consolidated sales in 2000. We have been supplying products to these companies and their subsidiaries for many years. Sales to Ford, as a percentage of total sales, were 15%, 16% and 19% in 1998, 1999 and 2000, and sales to DaimlerChrysler were 13%, 14% and 14%. Loss of all or a substantial portion of our sales to Ford, DaimlerChrysler or other large volume customers would have a significant adverse effect on our financial results until such lost sales volume could be replaced. There would be no assurance, in such event, that the lost volume would be replaced.

PRODUCTS

The following table presents our relative sales by product for the last three years:

	Percentage of Consolidated Sales		
	1998	1999	2000
Types of Products			
Axle	32%	32%	33%
Driveshaft	9	8	9
Brake	9	9	9
Other engine	9	9	9
Fluid systems	8	8	8
Structural	6	6	7
Bearings and sealing	4	6	7
Filtration	4	4	5
	81	82	87
Other	19	18	13
	100%	100%	100%

We do not consider our leasing service revenue to be sales and none of our other products individually accounts for 10% of sales.

MATERIAL SOURCE AND SUPPLY

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

SEASONALITY

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

BACKLOG

Generally, our products are not on a backlog status. They are produced from readily available materials and have a relatively short manufacturing cycle. Each operating unit maintains its own inventories and production schedules and many of our products are available from more than one facility. We believe that our production

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capacity is adequate to handle current requirements and we regularly review anticipated changes in our product lines to determine when modifications of capacity may be needed.

COMPETITION

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

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

PATENTS AND TRADEMARKS

Our proprietary drivetrain, engine parts, chassis, structural components, fluid power systems and industrial power transmission product lines have strong identities in the markets which we serve. Throughout these product lines, we manufacture and sell our products under a number of patents which have been obtained over a period of years and expire at various times. We consider each of them to be of value and aggressively protect our rights throughout the world against infringement. Because we are involved with many product lines, the loss or expiration of any particular patent would not materially affect our sales and profits.

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

RESEARCH AND DEVELOPMENT

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

In addition, we engage in ongoing engineering, research and development activities to improve the reliability, performance and cost-effectiveness of existing products and to design and develop new products for existing and new applications. Our spending on engineering, research and development and quality control programs was \$275 million in 1998, \$290 million in 1999 and \$287 million in 2000.

EMPLOYMENT

Our worldwide employment (including consolidated subsidiaries) was approximately 79,300 at December 31, 2000.

ENVIRONMENTAL COMPLIANCE

We make capital expenditures in the normal course of business as necessary to ensure that our facilities are in compliance with applicable environmental laws and regulations. The cost of environmental compliance was not a material part of our capital expenditures and did not have a material adverse effect on our earnings or competitive position in 2000. We do not anticipate that future environmental compliance costs will be material. You can find more information in “Environmental Compliance and Remediation” under “Note 1. Summary of Significant Accounting Policies” on page 27 of our 2000 Annual Report.

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EXECUTIVE OFFICERS

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

Name and Age	Present Position(s)	Other Positions During Past 5 Years
J. M. Magliochetti (58)	Chairman of the Board of Directors since 2000; Chief Executive Officer since 1999; Chief Operating Officer since 1997; Director and President since 1996	None
R. C. Richter (49)	Chief Financial Officer since 1999; Vice President since 1997	Vice President — Finance and Administration, 1998-99; Vice President — Administration, 1997-98; General Manager — Perfect Circle Sealed Power Europe, 1997; Vice President and General Manager - Perfect Circle Europe, 1994-97
W. J. Carroll (56)	President - Automotive Systems Group since 1997	President — Diversified Products & Distribution, 1996-97; President - Dana Distribution Service Group, 1995-97; President — DTF Trucking, 1985-97; Chairman of the Board of Dana Canada Inc. (a wholly-owned Dana subsidiary), 1995-97; President of Dana Canada Inc., 1993-97
M. A. Franklin, III (53)	President — Dana International & Global Initiatives since 2000	President — Dana International, 1997-2000; President — Dana Europe, 1993-97
E. J. Shultz (56)	Chairman and President — Dana Credit Corporation since 1995	None
R. L. Clayton (40)	President — Heavy Truck Group since 1998	Vice President — Heavy Truck Components Group, 1997-98; Vice President and General Manager - Spicer Heavy Axle & Brake Division, 1996-97; General Manager — Spicer Clutch Division, 1995-96

B. N. Cole (58)	President - Off-Highway Systems Group since 1997	President – Structural Components Group, 1995-97
M. L. DeBacker (54)	Vice President, General Counsel and Secretary since 2001	Vice President, 1994-2001; Assistant General Counsel, 1986-2000
R. R. Filcek (48)	Vice President - Finance since 1999	Executive Vice President and Chief Financial Officer of Dana Credit Corporation, 1995-99
C. F. Heine (48)	President – Engine Systems Group since 1998	President — Dana Asia Pacific, 1996-98

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<u>Name and Age</u>	<u>Present Position(s)</u>	<u>Other Positions During Past 5 Years</u>
C. W. Hinde (62)	Vice President and Chief Accounting Officer since 1992; Assistant Treasurer since 1986	None
J. M. Laisure (49)	President – Fluid Systems Group since 2000	Group Vice President — Fluid Systems Group, 1999-2000; Vice President, Modules and Systems Group, 1994-99
T. R. McCormack (50)	President – Automotive Aftermarket Group since 2000	Vice President and General Manager of Wix Division, 1998-2000; President of Wix Worldwide Filtration, 1998-2000; Vice President and General Manager of Dana Distribution Service Division, 1995-98
J. I. Melgar (53)	President – Automotive Axle Products since 2000	Vice President — Automotive Axle Products, 2000; Vice President, Driveshaft Products, 1997-2000; Executive President, Metalcon (a Dana affiliate in Venezuela, now known as Danaven), 1993-97
K. P. Moyer (43)	Vice President and Director of e-Business since 2000	President of Dana Asia Pacific, 1998-2000; President of Capital Group, Dana Commercial Credit Corporation, 1995-1998

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

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ITEM 2 — PROPERTIES

As shown in the following table, we have more than 450 manufacturing, distribution and service branch or office facilities worldwide. We own the majority of our manufacturing and larger distribution facilities. We lease certain manufacturing facilities and most of our smaller distribution outlets and financial service branches and offices.

Dana Facilities by Geographic Region

<u>Type of Facility</u>	<u>North America</u>	<u>Europe</u>	<u>South America</u>	<u>Asia/Pacific</u>	<u>Total</u>
Manufacturing	166	70	39	11	286
Distribution	42	17	39	3	101
Service branches, offices	51	12	5	4	72
Total	259	99	83	18	459

ITEM 3 — LEGAL PROCEEDINGS

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

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

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

- None -

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PART II

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

Our common stock is listed on the New York Stock Exchange and Pacific Exchange. On February 16, 2001, there were 35,620 shareholders of record.

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

You can find more information in “Shareholders’ Investment” on page 50 of our 2000 Annual Report.

ITEM 6 — SELECTED FINANCIAL DATA

You can find selected financial data related to Dana in “Financial Highlights” under “Eleven-Year History” on page 51 of our 2000 Annual Report.

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

You can find “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 40-46 of our 2000 Annual Report.

ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

You can find market risk information in “Financial Instruments,” “Derivative Financial Instruments” and “Marketable Securities” under “Note 1. Summary of Significant Accounting Policies” on page 27, in “Note 7. Interest Rate Agreements” on page 29 and in “Note 16. Fair Value of Financial Instruments” on page 37 of our 2000 Annual Report.

ITEM 8 — FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

You can find our financial statements and the report by PricewaterhouseCoopers LLP dated February 2, 2001, on pages 21-39 and “Unaudited Quarterly Financial Information” under “Shareholders’ Investment” on page 50 of our 2000 Annual Report.

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

- None -

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PART III

ITEM 10 — DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

You can find general information about our directors under “Election of Directors” on pages 1-3 in our 2001 Proxy Statement and information about our executive officers in Part I, Item 1 of this Form 10-K.

You can find information about the filing of reports by our directors, officers and 10% stockholders under Section 16(a) of the Securities Exchange Act of 1934 under “Section 16(a) Beneficial Ownership Reporting Compliance” on page 17 in our 2001 Proxy Statement.

ITEM 11 — EXECUTIVE COMPENSATION

You can find information about executive compensation in the following sections of our 2001 Proxy Statement: “Compensation” on page 4 under “The Board and its Committees,” “Executive Compensation” on pages 7-12 and “Compensation Committee Report on Executive Compensation” on pages 13-15.

You can find information about our stock performance under “Comparison of Five-Year Cumulative Total Return” on page 16 of our 2001 Proxy Statement.

ITEM 12 — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

You can find information about the stock ownership of our directors, officers and 5% stockholders under “Stock Ownership” on pages 5-6 of our 2001 Proxy Statement.

ITEM 13 — CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

You can find information about transactions between Dana and our directors, officers and 5% stockholders under “Other Transactions” on pages 16-17 of our 2001 Proxy Statement.

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PART IV

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

		Annual Report Pages
		<hr/>
(a)	The following documents are filed as part of this report:	
	(1) Financial Statements:	
	Report of Independent Accountants	21
	Statement of Income for each of the three years in the period ended December 31, 2000	22
	Balance Sheet at December 31, 1999 and 2000	23
	Statement of Cash Flows for each of the three years in the period ended December 31, 2000	24
	Statement of Shareholders’ Equity for each of the three years in the period ended December 31, 2000	25
	Notes to Financial Statements	26 - 39
	Unaudited Quarterly Financial Information	50
		<hr/>
	(2) Financial Statement Schedule:	
	Report of Independent Accountants on Financial Statement Schedule for the three years ended December 31, 2000	13
	Valuation and Qualifying Accounts and Reserves (Schedule II)	14 - 16
	Supplementary Information — Commitments and Contingencies	17
	All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.	
	(3) Exhibits listed in the “Exhibit Index”	18 - 19
	Exhibits Nos. 10-A through 10-K are management contracts or compensatory plans or arrangements required to be filed pursuant to Item 14(c) of this report.	
(b)	Reports on Form 8-K	
	None	

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Report of Independent Accountants on
Financial Statement Schedule

To the Board of Directors
of Dana Corporation

Our audits of the consolidated financial statements referred to in our report dated February 2, 2001 appearing in the 2000 Annual Report to Shareholders of Dana Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

Toledo, Ohio
February 2, 2001

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DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES
SCHEDULE II(a) — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

	Balance at beginning of period	Additions charged to income	Trade accounts receivable "written off" net of recoveries	Adjustments arising from change in currency exchange rates and other items	Balance at end of period
Year ended –					
December 31, 1998	\$33,942,000	\$20,694,000	\$(16,698,000)	\$2,516,000	\$40,454,000
December 31, 1999	40,454,000	15,521,000	(11,407,000)	(752,000)	43,816,000
December 31, 2000	43,816,000	26,467,000	(28,893,000)	580,000	41,970,000

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DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES
SCHEDULE II(b) — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
ALLOWANCE FOR CREDIT LOSSES — LEASE FINANCING

	Balance at beginning of period	Additions charged to income	Amounts "written off" net of recoveries	Adjustments arising from change in currency exchange rates and other items (1)	Balance at end of period
Year ended –					
December 31, 1998	\$52,653,000	\$20,117,000	\$(10,561,000)	\$(29,537,000)	\$32,672,000
December 31, 1999	32,672,000	8,172,000	(6,000)	—	40,838,000
December 31, 2000	40,838,000	8,421,000	(6,548,000)	(15,000)	42,696,000

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

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DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES
 SCHEDULE II(c) — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
 VALUATION ALLOWANCE FOR DEFERRED TAX ASSETS

	Balance at beginning of period	Additions charged to income	Amounts "written off" net of recoveries	Adjustments arising from change in currency exchange rates and other items	Balance at end of period
Year ended –					
December 31, 1998	\$30,400,000	\$28,800,000	—	—	\$ 59,200,000
December 31, 1999	59,200,000	24,000,000	—	—	83,200,000
December 31, 2000	83,200,000	24,000,000	\$(5,100,000)	—	102,100,000

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DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES
 SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

We are a party to various legal proceedings (judicial and administrative) arising in the normal course of business, including proceedings which involve environmental and product liability claims. You can find additional information in "Note 17. Commitments and Contingencies" on page 37 of our 2000 Annual Report.

With respect to environmental claims, we are involved in investigative and/or remedial efforts at a number of locations, including "on-site" activities at currently or formerly owned facilities and "off-site" activities at "Superfund" sites where we have been named as a potentially responsible party. You can find more information in "Environmental Compliance and Remediation" under "Note 1. Summary of Significant Accounting Policies" on page 27 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 40-46 of our 2000 Annual Report.

With respect to product liability claims, we are named in proceedings involving alleged defects in our products. Such proceedings currently include a large number of claims (most of which are for relatively small damage amounts) based on alleged asbestos-related personal injuries. At December 31, 2000, approximately 70,000 such claims were outstanding, of which approximately 33,000 were settled pending payment. We have agreements with our insurance carriers providing for the payment of a significant majority of the indemnity costs and the legal and administrative expenses for these claims. You can find additional information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 40-46 of our 2000 Annual Report.

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EXHIBIT INDEX

No.	Description	Method of Filing
3-A	Restated Articles of Incorporation	Filed by reference to Exhibit 3-A to our Form 10-Q for the quarter ended June 30, 1998
3-B	By-Laws, effective October 16, 2000	Filed by reference to Exhibit 3-B to our Form 10-Q for the quarter ended September 30, 2000
4-A	Specimen Single Denomination Stock	Filed by reference to Exhibit 4-B to our

	Certificate	Registration Statement No. 333-18403 filed December 20, 1996
4-B	Rights Agreement, dated as of April 25, 1996, between Dana and ChemicalMellon Shareholder Services, L.L.C., Rights Agent	Filed by reference to Exhibit 1 to our Form 8-A filed May 1, 1996
4-C	Indenture for Senior Securities between Dana and Citibank, N.A., Trustee, dated as of December 15, 1997	Filed by reference to Exhibit 4-B of our Registration Statement No. 333-42239 filed December 15, 1997
4-D	First Supplemental Indenture between Dana, as Issuer, and Citibank, N.A., Trustee, dated as of March 11, 1998	Filed by reference to Exhibit 4-B-1 to our Report on Form 8-K dated March 12, 1998
4-E	Form of 6.5% Notes due March 15, 2008 and 7.00% Notes due March 15, 2028	Filed by reference to Exhibit 4-C-1 to our Report on Form 8-K dated March 12, 1998
4-F	Second Supplemental Indenture between Dana, as Issuer, and Citibank, N.A., Trustee, dated as of February 26, 1999	Filed by reference to Exhibit 4.B.1 to our Form 8-K dated March 2, 1999
4-G	Form of 6.25% Notes due 2004, 6.5% Notes due 2009, and 7.0% Notes due 2029	Filed by reference to Exhibit 4.C.1 to our Form 8-K dated March 2, 1999
10-A	Additional Compensation Plan	Filed by reference to Exhibit A to our Proxy Statement dated March 3, 2000
10-B	1997 Stock Option Plan	Filed by reference to Exhibit A to our Proxy Statement dated March 5, 1999
10-B(1)	First Amendment to 1997 Stock Option Plan	Filed by reference to Exhibit B to our Proxy Statement dated March 2, 2001
10-C	Excess Benefits Plan	Filed by reference to Exhibit 10-F to our Form 10-K for the year ended December 31, 1998

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No.	Description	Method of Filing
10-C(1)	First Amendment to Excess Benefits Plan	Filed by reference to Exhibit 10-C(1) to our Form 10-Q for the quarter ended September 30, 2000
10-D	Director Deferred Fee Plan	Filed by reference to Exhibit B to our Proxy Statement dated February 28, 1997
10-D(1)	First Amendment to Director Deferred Fee Plan	Filed by reference to Exhibit 10-I(1) to our Form 10-Q for the quarter ended March 31, 1998
10-D(2)	Second Amendment to Director Deferred Fee Plan	Filed by reference to Exhibit 10-I(2) to our Form 10-K for the year ended December 31, 1998
10-E	Employment Agreement between Dana and J.M. Magliochetti	Filed with this Report
10-F	Change of Control Agreement between Dana and W.J. Carroll. There are substantially similar agreements with R.L. Clayton, B.N. Cole, M.A. Franklin, C.F. Heine, J.M. Laisure, R.C. Richter, and E.J. Shultz	Filed by reference to Exhibit 10-J(4) to our Form 10-K for the year ended December 31, 1997
10-G	Collateral Assignment Split-Dollar Insurance Agreement for Universal Life Policies between Dana and J.M. Magliochetti. There are substantially similar agreements with W.J. Carroll, M.A. Franklin, and E.J. Shultz.	Filed with this Report
10-H	Supplemental Benefits Plan	Filed by reference to Exhibit 10-K to our Form 10-K for the year ended December 31, 1998
10-I	1999 Restricted Stock Plan	Filed by reference to Exhibit B to our Proxy Statement dated March 5, 1999
10-J	1998 Directors' Stock Option Plan	Filed by reference to Exhibit A to our Proxy Statement dated February 27, 1998
10-K	Supplementary Bonus Plan	Filed by reference to Exhibit 10-N to our Form 10-Q for the quarter ended June 30, 1995
13	Those sections of our 2000 Annual Report that are referred to in this Form 10-K	Filed with this Report

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DANA CORPORATION

(Registrant)

Date: March 1, 2001 By: /s/ Michael L. DeBacker
Michael L. DeBacker, Vice President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Date: March 1, 2001 /s/ Joseph M. Magliochetti
Joseph M. Magliochetti, Chairman of the Board

Date: March 1, 2001 /s/ Robert C. Richter
Robert C. Richter, Chief Financial Officer

Date: March 1, 2001 /s/ Charles W. Hinde
Charles W. Hinde, Chief Accounting Officer

Date: March 1, 2001 */s/ B.F. Bailar
B.F. Bailar, Director

Date: March 1, 2001 */s/ A.C. Baillie
A.C. Baillie, Director

Date: March 1, 2001 */s/ E.M. Carpenter
E.M. Carpenter, Director

Date: March 1, 2001 */s/ E. Clark
E. Clark, Director

Date: March 1, 2001 */s/ G.H. Hiner
G.H. Hiner, Director

Date: March 1, 2001 */s/ M.R. Marks
M.R. Marks, Director

Date: March 1, 2001 */s/ R.B. Priory
R.B. Priory, Director

Date: March 1, 2001

*/s/ F.M. Senderos

F.M. Senderos, Director

*By: /s/ Michael L. DeBacker

Michael L. DeBacker, Attorney-in-Fact

EMPLOYMENT AGREEMENT
BETWEEN
DANA CORPORATION
AND
JOSEPH M. MAGLIOCHETTI
DATED DECEMBER 12, 1998

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

DEFINED TERMS

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

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

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

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

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

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

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

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

1. Employment and Term.

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

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

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

2. Position and Duties of the Executive.

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

The office(s), title(s), reporting responsibility, duties and responsibilities of the Executive on the date of this Agreement, as the same may be changed from time to time after the date of this Agreement in accordance with the provisions of the previous paragraph, shall be summarized in Exhibit A to this Agreement, it being understood and agreed that if, as and when the office(s), title(s), reporting responsibility, duties or responsibilities of the Executive shall be so changed after the date of this Agreement, Exhibit A shall be deemed to be, and shall be updated by the parties to reflect such change; provided, however, that Exhibit A is intended only as a memorandum for the convenience of the parties and shall be disregarded if, and to the extent that, Exhibit A shall fail to reflect accurately the office(s), title(s), reporting responsibility, duties or responsibilities of the Executive as so changed after the date of this Agreement because the parties shall have failed to update Exhibit A as aforesaid.

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

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

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

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

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

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

(iii) engaging in charitable and community activities; and

(iv) managing his personal investments;

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

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

3. Compensation.

The Executive shall receive the following compensation for his services:

(a) SALARY. So long as the Executive is employed by the Corporation, he shall be paid an annual base salary, payable not less often than monthly, at the rate of not less than \$58,333.33 per month with such increases as shall be awarded from time to time in accordance with the Corporation's regular administrative practices of other salary increases applicable to executives of the Corporation, subject to any and all required withholdings and deductions for Social Security, income taxes and the like (the "Annual Base Salary"). The Board of Directors of the Corporation (the "Board") may from time to time direct such upward adjustments to Annual Base Salary as the Board deems to be necessary or desirable; provided, however, that during the Change of Control Period (as defined in Section 12(d) below), the Annual Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time but not less often than annually and shall be substantially consistent with increases in base salary generally awarded in the ordinary course of business to other senior executives of the Corporation and its Affiliated Companies (a term which, as used in this Agreement, shall mean a Subsidiary or Affiliate of the Corporation) and, in addition, shall be adjusted effective as of January 1st of each calendar year commencing in the Change of Control Period to reflect increases in the cost of living during the preceding calendar year. Annual Base Salary shall not be reduced after any increase thereof pursuant to this Section 3(a). Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation of the Corporation under this Agreement.

(b) ADDITIONAL COMPENSATION. So long as the Executive is employed by the Corporation, he shall be eligible to receive annual short-term incentive awards or bonuses (such award or bonus is hereinafter referred to as "Short-Term Award" or "Annual Bonus") from the Dana Corporation Additional Compensation Plan, and from any successor or replacement plan (the Dana Corporation Additional

Compensation Plan and such successor or replacement plans being referred to herein collectively as the "ACP"), in accordance with the terms thereof; provided, however, that, with respect to each fiscal year of the Corporation ending during the Change of Control Period, the Executive shall be awarded (whether under the terms of the ACP or otherwise) an Annual Bonus in an amount that shall not be less than fifty percent (50%) of his Annual Base Salary rate in effect on the last day of such fiscal year (which amount shall be prorated if such fiscal year shall be less than 12 months) (the "Target Annual Bonus"). Each Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the receipt of such Annual Bonus is deferred in accordance with the terms of the ACP.

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

(d) RETIREMENT AND WELFARE BENEFIT PLANS. The Executive, his dependents and Beneficiary, including, without limitation, any beneficiary of a joint and survivor or other optional method of payment applicable to the payment of benefits under the Pension and Retirement Program of the Corporation, as defined in Section 3(j)(vii) below, shall be entitled to all payments and benefits and service credit for benefits during the Employment Period to which other senior executives of the Corporation, their dependents and their beneficiaries are entitled under the terms of employee retirement

and welfare benefit plans and practices of the Corporation, including, without limitation, the Pension and Retirement Program of the Corporation (as defined in Section 3(j)(vii) below), the Corporation's Savings and Investment Plan, its Stock Purchase Plan, its Stock Award Plan, its Income Protection Plan for Management and Certain Other Employees providing layoff and severance benefits, its 1989 Restricted Stock Plan, its Excess Benefits Plan, its Supplemental Benefits Plan, its death benefit plans (consisting of its Group Insurance Plan for Management Employees providing life insurance, accidental death and dismemberment insurance, and travel accident insurance), its disability benefit plans (consisting of its salary continuation, sickness and accident and long-term disability benefits programs), its medical, dental and health and welfare plans and other present or equivalent successor plans and practices of the Corporation, its Subsidiaries and divisions, for active and retired employees, for which officers, their dependents and beneficiaries, are eligible, and to all payments or other benefits under any such plan or practice subsequent to the Employment Period as a result of participation in such plan or practice during the Employment Period.

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

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

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

(h) VACATION AND OTHER ABSENCES. So long as the Executive is employed by the Corporation, he shall be entitled to paid vacation and such other paid absences whether for holidays, illness, personal time or any similar purposes, in accordance with the plans, policies, programs and practices of the Corporation and its Affiliated Companies in effect from time to time, commensurate with his position and at least comparable to those received by other senior executives of the Corporation.

(i) BENEFITS SHALL NOT BE REDUCED UNDER CERTAIN CIRCUMSTANCES. Nothing in this Agreement shall preclude the Corporation from amending or terminating any employee benefit or welfare plan or practice, but, it being the intent of the parties that the Executive shall continue to be entitled during the Employment Period to perquisites as set forth in this Section 3 and to benefits and service credit for benefits under Section 3(d) above at least equal to those attached to his position on December 10, 1990, the date of the original agreement between the parties (except that, in converting a monthly retirement benefit, which is payable under any plan that is a component of the Pension and Retirement Program of the Corporation, into a lump sum payment, the lump sum conversion basis to be used shall be the basis that is described in Section 3(j)(iii) below, regardless of whether such basis is more favorable or less favorable than the one in effect on December 10, 1990), and except as provided in the last sentence of this Section 3(i), nothing in this Agreement shall operate or be construed to reduce, or authorize a reduction without the Executive's written consent in, the level of such perquisites, benefits or service credit for benefits; in the event of any such reduction, by amendment or termination of any plan or practice or otherwise, the Executive, his dependents and Beneficiary, shall continue to be entitled to perquisites, benefits and service credit for benefits at least equal to the perquisites, benefits and service credit for benefits under such plans or practices that he or his dependents and Beneficiary would have received if such reduction had not taken place. If and to the extent that such perquisites, benefits and service credits are not payable or provided under any such plans or practices by reason of such amendment or termination thereof, the Corporation itself shall pay or provide therefor. Notwithstanding the foregoing provisions of this Section 3(i), the Executive hereby waives the benefit of the foregoing minimum benefit protection only as it applies to the Dana Corporation Savings and Investment Plan, and to its medical, dental and health plans for active and retired employees. The Executive expressly does not waive the application of the foregoing minimum benefit protection to any of the other benefit plans, programs or practices enumerated in

Section 3 above, including, without limitation, the Pension and Retirement Program of the Corporation, its death benefit plans, its disability benefit plans, and its Income Protection Plan for Management and Certain Other Employees. The Executive reserves the right to cancel the above waiver, prospectively, at any future time by giving written notice to the Corporation of such cancellation. Nothing in this Section 3(i) shall be construed to prohibit the Corporation from amending or terminating any employee benefit or welfare plan or practice to reduce benefits, so long as such reduction applies to all salaried Corporation employees covered by such plan or practice equally and such reduction is adopted prior to the commencement of the Change of Control Period.

(j) SUPPLEMENTAL RETIREMENT ANNUITY.

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

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

- (1) termination of Service;
- (2) attainment by the Executive of age 55; and
- (3) if the Executive had not previously retired with 15 years or more of Service, the expiration of the Employment Period;

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

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

- (1) commencing at the earliest date that it could be payable on or after termination of Service, the aggregate monthly retirement benefit payable to the Executive for life on a straight life annuity basis under the Pension and Retirement Program of the Corporation to the extent attributable to contributions of the Corporation, its Subsidiaries and Affiliates;
- (2) commencing at the earliest date that it could be payable on or after termination of Service, the aggregate monthly retirement or disability benefit payable to the Executive for life on a straight life annuity basis following his retirement or termination from employment by the Corporation, its Subsidiaries and Affiliates, to the extent attributable to contributions other than by the Executive under pension or retirement plans of all corporations, organizations or entities other than the Corporation, its Subsidiaries and Affiliates;
- (3) commencing at the earliest date payable on or after termination of Service, 50% of the monthly primary Social Security benefit that would be or would have been payable to the Executive in the absence of any compensation that may at the time be or have been earned by him; and
- (4) commencing at the earliest date payable on or after termination of Service and continuing until no longer payable, the aggregate monthly disability benefit payable to the Executive under disability benefit plans and pension plans of the Corporation, its Subsidiaries and Affiliates to the extent attributable to contributions of the Corporation, its Subsidiaries and Affiliates.

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

- (1) the lump sum amount calculated on the basis of the "applicable interest rate" (as in effect for the November preceding the calendar year in which the calculation is made) and the "applicable mortality table," both as defined in Section 417(e) of the Internal Revenue Code; or
- (2) the lump sum amount calculated on the basis of the actuarial equivalent factor used to convert the Executive's Earned Benefit Account into a life annuity under the Dana Corporation Retirement Plan at the time the calculation is made.

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

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

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

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

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

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

4 Termination of Employment.

(a) DEATH OR DISABILITY.

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

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

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

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

(ii) if there has been a breach by the Executive during the Employment Period of the provisions of Section 2(b), relating to the time to be devoted to the affairs of the Corporation, or of Section 9, relating to confidential information, and such

breach results in demonstrably material injury to the Corporation, and, with respect to any alleged breach of Section 2(b) hereof, the Executive shall have either failed to remedy such alleged breach within thirty days from his receipt of written notice from the Secretary of the Corporation pursuant to resolution duly adopted by the Board of Directors of the Corporation after notice to the Executive and an opportunity to be heard demanding that he remedy such alleged breach, or shall have failed to take all reasonable steps to that end during such thirty-day period and thereafter;

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

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

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

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

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

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

(ii) A significant change in the nature or scope of the authorities, powers, functions or duties attached to the position described in Section 2 above and intended to be summarized in Exhibit A to this Agreement, or a reduction in compensation, which is not remedied within 30 days after receipt

by the Corporation of written notice from the Executive.

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

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

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

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

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

(d) NOTICE OF TERMINATION. Any termination by the Corporation for Cause, or by the Executive for Good Reason,

shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 14(b) below. For purposes of this Agreement, a "Notice of Termination" means a written notice which

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

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

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

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

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

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

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

5 Obligations of the Corporation Upon Termination.

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

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

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

(ii) at the end of the month next following the Termination, and at the end of each month thereafter until the earliest of the end of the Employment Period, three years following the Date of Termination, or until the Executive shall attain the age of 65 years, but in no event beyond the end of the month in which the death of the Executive shall have occurred or the end of the sixth month following the Disability Effective Date (such period to be called the "Termination Period"), the Corporation shall pay to the Executive an amount equal to the Highest Average Monthly Compensation; provided, however, that such amount shall be reduced by any other amounts payable to the Executive in respect of salary or bonus continuation to be received by the Executive under any severance plan, policy or arrangement of the Corporation; and, provided, further, that if the Date of Termination occurs on or after the occurrence of a Change of Control, such amount shall be paid as a lump-sum within 30 days following the Date of Termination, such lump-sum calculated based upon the present value (within the meaning of Section 280G(d)(4) of the Internal Revenue Code of 1986 as amended (the "Code")) of the payments which would be made absent the Change of Control; and

(iii) During the Termination Period, or such longer period as any plan, program, practice or policy may provide, the Corporation shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(d) above if the Executive's employment had not been terminated in accordance with the most favorable plans, practices, programs or policies of the Corporation and its Affiliated Companies as in effect and applicable generally to other senior executives of the Corporation and its Affiliated Companies and their families during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Executive, as in effect at any time thereafter or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other senior executives of the Corporation and its Affiliated Companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility (such continuation of such benefits for the applicable period herein set forth shall be hereinafter referred to as "Welfare Benefit Continuation"). For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the end of the Termination Period and to have retired on the date of the end of the Termination Period. To the extent that any benefits referred to in this Section 5(a)(iii) shall not be payable or provided under any such plan by reason of the Executive's no longer being an employee of the Corporation as the result of Termination, the Corporation shall itself pay, or provide for payment of, such benefits and the service credit for benefits provided for in Section 5(a)(iv) below, to the Executive, his dependents and Beneficiary; and

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

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

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

(b) TERMINATION ON OR AFTER CHANGE OF CONTROL. If Termination shall have occurred coincidental with a Change of Control or during the Change of Control Period, any provision of Section 5(a)(iv) above or of the ACP to the contrary notwithstanding, upon such Termination, the Corporation shall

pay or distribute to the Executive on an accelerated basis, to the extent, if any, not theretofore accelerated, any and all outstanding Short-Term Awards, or installments thereof, under the ACP that shall have been awarded to the Executive prior to Termination and deferred for payment subsequent to termination of employment, with any such accelerated payment based on the value, determined in accordance with such plan (or successor plan), of such awards or installments (and any increments thereon) on the Termination Date, and such accelerated payment or distribution shall constitute a complete discharge of the Corporation's obligation in respect of the Short-Term Awards so paid or distributed.

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

(d) DEATH OR DISABILITY.

(i) In the event of the death of the Executive during the Employment Period, the legal representative of the Executive shall be entitled to the compensation provided for in Sections 3(a) and 3(b) above for the month in which death shall have taken place, at the rate being paid at the time of death, and the Employment Period shall be deemed to have ended as of the close of business on the last day of

the month in which death shall have occurred but without prejudice to any payments due in respect of the Executive's death. Further, in the event the Executive should die prior to terminating Service with the Corporation, the Executive's surviving spouse or Beneficiary, as the case may be, shall be entitled to receive the supplemental retirement annuity pursuant to Section 3(j)(iv).

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

(e) RESOLUTION OF DISPUTES.

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

(ii) THIRD-PARTY STAKEHOLDER. In the event that the Corporation defaults on any obligation set forth in Section 5(a) above, relating to Termination, and shall have failed to remedy such default within thirty (30) days after having received written

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

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

The third-party stakeholder, the fees and expenses of which shall be paid by the Corporation, shall be a national or state bank or trust company

having a combined capital, surplus and undivided profits and reserves of not less than Ten Million Dollars (\$10,000,000) which is duly authorized and qualified to do business in the state in which the Executive resides at the time of such default.

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

6 Non-exclusivity of Rights.

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

7 Full Settlement.

The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Corporation may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as provided in Section 5(a)(iii) above, such amounts shall not be reduced whether or not the Executive obtains other employment.

8 Golden Parachute Tax Payments.

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

(b) All calculations and determinations required to be made under this Section 8, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Price Waterhouse (or any successor thereto by merger or operation of law) (the "Accounting Firm"). In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the change of control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Corporation. Any Gross-Up Payment, as determined pursuant to this Section 8, shall be paid by the Corporation to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Corporation and the Executive.

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

The Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such claim and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 8(c), the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or to contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs the Executive to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

9 Confidential Information.

(a) The Executive agrees not to disclose, either while in the Corporation's employ or at any time thereafter, to any person not employed by the Corporation, or not engaged to render services to the Corporation, except with the prior written consent of an officer authorized to act in the matter by the Board of Directors of the Corporation, any confidential information obtained by him while in the employ of the Corporation, including, without limitation, information relating to any of the Corporation's inventions, processes, formulae, plans, devices, compilations of information, methods of

distribution, customers, client relationships, marketing strategies or trade secrets; provided, however, that this provision shall not preclude the Executive from use or disclosure of information known generally to the public or of information not considered confidential by persons engaged in the business conducted by the Corporation or from disclosure required by law or Court order. The agreement herein made in this Section 9(a) shall be in addition to, and not in limitation or derogation of, any obligations otherwise imposed by law upon the Executive in respect of confidential information and trade secrets of the Corporation, its Subsidiaries and Affiliates.

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

10 Competition.

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

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

(ii) the Executive shall have been given a reasonable opportunity upon reasonable notice to

appear before and to be heard by the Board of Directors prior to the determination of the Board evidenced by such resolution;

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

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

(b) The Executive agrees in addition to the provisions relating to Competition set forth in Section 10(a) above that he will not engage in Competition at any time (i) during the Employment Period, and (ii) except in the event of a Termination, during the thirty-six (36) months immediately following the termination of his employment with the Corporation.

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

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

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

Agreement on behalf of a business described in clause (i) of this Section 10,

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

(iv) making or publishing any statement which is, or may reasonably be considered to be, disparaging of the Corporation or any of its Subsidiaries or Affiliates, or directors, officers, employees or the operations or products of the Corporation or any of its Subsidiaries or Affiliates, except to the extent the Executive, during the Employment Period, makes the statement to employees or other representatives of the Corporation or any of its Subsidiaries or Affiliates in furtherance of the Corporation's business and the performance of his services hereunder.

11. Successors.

Except as otherwise provided herein,

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

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

12. Certain Definitions.

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

(a) BENEFICIARY. The term "Beneficiary" as used in this Agreement shall, in the event of the death of the Executive,

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

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

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

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

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

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

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

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

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

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

(c) CHANGE OF CONTROL DATE. The "Change of Control Date" shall mean the first date on which a Change of Control occurs. Anything in this Agreement to the contrary notwithstanding,

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

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

13. Amendment or Modification; Waiver.

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

14. Miscellaneous.

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

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

If to the Executive:

Mr. Joseph M. Magliochetti
c/o Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615

Copy to:

Mr. Joseph M. Magliochetti
3846 Sulphur Springs Road
Toledo, Ohio 43606

If to the Corporation:

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

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

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

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

(e) When used herein in connection with plans, programs and policies relating to the Executive, employees, compensation, benefits, perquisites, executive benefits, services and similar words and phrases, the word "Corporation" shall be deemed to include all wholly-owned Subsidiaries of the Corporation.

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

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

shall, to the full extent permitted by law, be null, void and of no effect.

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

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

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

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

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

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

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

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

DANA CORPORATION

By /s/ S. J. Morcott

Name: Southwood J. Morcott
Title: Chairman of the Board

By /s/ R. B. Priory

Chairman of the Compensation Committee

Attest:

/s/ Sue A. Griffin

Assistant Secretary

/s/ J. M. Magliochetti

Executive

Exhibit A to Agreement made as of December 12, 1998
between Dana Corporation and Joseph M. Magliochetti

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

the office(s) and title(s) of the Executive are President, Chief Executive Officer and Chief Operating Officer of the Corporation;

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

the duties and responsibilities of the Executive are:

Through the chairmanship of the World Operating Committee, provides direction for the Corporation's worldwide operations. Major activities include planning and review of operating results for, and organizational development to insure profitability of, worldwide operations. The World Operating Committee executes and monitors the corporate style, marketing strategies, policies and goals that the Corporation's various strategic business units and various world regions are responsible for in their performance. Serves as a member of the Policy Committee which sets the corporate style, strategies, policies and goals that business operations of the Corporation are responsible for in their performance. Serves as Co-Chairman of the Strategic Operating Committee of the Corporation. Performs such other duties as may be prescribed by the Chairman of the Corporation.

COLLATERAL ASSIGNMENT SPLIT-DOLLAR INSURANCE

 AGREEMENT FOR UNIVERSAL LIFE POLICIES

THIS AGREEMENT made this 30 day of April, 1989, by and between Dana Corporation, a Virginia Corporation having its principal place of business in Toledo, Ohio (hereinafter the "Corporation"), and Joseph Magliochetti, (hereinafter the "Employee").

WITNESSETH

WHEREAS, the Employee is a valued employee of the Corporation; and

WHEREAS, the Corporation wishes to assist the Employee with his personal life insurance program both as an inducement to the Employee's continued employment and in recognition of the Employee's ongoing valuable contribution to the business success of the Corporation; and

WHEREAS, the Employee is the owner of an insurance policy on his or her life, including all supplemental riders or endorsements to such insurance policy, which policy the Employee and Corporation wish to make subject to a split-dollar life insurance plan pursuant to the terms and conditions of this Agreement; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the Parties hereto agree as follows:

ARTICLE I

 OWNERSHIP OF THE POLICY

1.1 EMPLOYEE AS OWNER. The Employee shall be the owner of the policy (which term shall include all supplemental riders or endorsements thereto) (hereinafter the "Policy") and may exercise all ownership rights granted to the owner thereof by the terms of the Policy, except as may otherwise be provided herein. The Employee and the Corporation agree that the Policy shall be subject to the terms and conditions of this Agreement.

1.2 COLLATERAL ASSIGNMENT. The Employee agrees to execute a collateral assignment (hereinafter the "Collateral Assignment") to the Corporation to secure the Corporation's rights under this Agreement, in the form required by or acceptable to the issuer of the Policy (hereinafter "the Issuer"), a copy of which is attached hereto as Exhibit I. The Collateral Assignment shall set forth the rights of the Corporation in and with respect to the Policy pursuant to the terms and conditions of this Agreement.

The Employee and the Corporation agree to be bound by the terms of the Collateral Assignment.

(a) CORPORATION'S RIGHTS. The Corporation's rights with respect to the Policy shall be limited to:

(i) The right to obtain, directly or indirectly, one or more loans or advances against the fund value of the Policy, to the extent of, but not

in excess of, the amount set forth in Section 4.3 of Article 4, below (hereinafter the "Corporation's Surrender Portion"), and the right to pledge or assign the Corporation's Surrender Portion as security for such loans or advances;

(ii) The right to realize up to the Corporation's Surrender Portion of the fund value of the Policy on the full or partial surrender of the Policy;

(iii) The right to realize the proceeds of the Policy as set forth in Section 3.1 of Article 3, below (hereinafter the "Corporation's Death Benefit Portion"), in the event of the death of the Employee; and

(iv) The right to release the Collateral Assignment upon receipt of the Corporation's Surrender Portion.

(b) EMPLOYEE'S RIGHTS. The Employee shall retain all rights as owner of the Policy, including, but not limited to, the following:

(i) The right to cause the full or partial surrender of the Policy; provided, however, that the Employee shall give the Corporation thirty (30) days advance written notice of his exercise of such right; and

(ii) The right to obtain, directly or indirectly, one or more loans or advances against the fund value of the Policy and the right to pledge or assign the Policy as security for such loans or advances; provided, however, that any such actions by the Employee shall in no way diminish the Corporation's right to receive the Corporation's Surrender Portion or the Corporation's Death Benefit Portion, or an equivalent amount pursuant to Subsection 1.2(a) of this Article 1; and

(iii) The right to exercise all non-forfeiture or lapse option rights permitted by the terms of the Policy; and

(iv) The right to designate and to change the beneficiary or beneficiaries of the portion of the proceeds of the Policy payable, upon the death of the Employee, to the Employee's beneficiary, pursuant to Subsection 3.2 of Article 3, below (hereinafter the "Employee's Portion"); and

(v) The right to elect any optional form of settlement available with respect to the Employee's Portion; and

(vi) The right to assign the Employee's rights in and with respect to the Policy.

ARTICLE 2

PAYMENT OF PREMIUMS AND APPLICATION OF DIVIDENDS

2.1 PREMIUM. As used herein, the term "premium" shall mean the planned yearly amount agreed upon between the Corporation and the Employee as the contribution toward the Policy for any year; provided, however, that such amount shall never be less than the Policy's minimum required premium for such year. "Premium" shall also include all costs associated with all supplemental riders and endorsements to the Policy.

2.2 PREMIUM PAYMENT: TIMING. The Corporation shall pay the premium on the Policy to the Issuer on or before the due date of each premium payment, and in any

event, not later than the expiration of the grace period under the Policy for such premium payment. The Corporation shall furnish the Employee with written notice of such timely payment. Within ten (10) days of the Employee's receipt of such notice, the Employee shall reimburse the Corporation for that portion of the premium payment equal to the amount of the annual cost of the pure insurance protection on the life of the Employee under the Policy for the ensuing Policy Year. Such cost and corresponding reimbursement shall be equal to the Corporation's choice of either of the following:

(a) that rate per \$1,000 of pure insurance protection promulgated by the Internal Revenue Service in Rev. Rul. 55-747, 1955-2 C.B. 228, as the same may be amended or replaced from time to time by published ruling (hereinafter the "PS-58 rate") as applied to such amount of pure insurance protection provided to the Employee pursuant to the terms of this Agreement; or

(b) that current published rate per \$1,000 of pure insurance protection charged by the Issuer for initial-issue individual one-year term insurance policies available to all standard risks as applied to such amount of pure insurance protection provided to the Employee pursuant to the terms of this Agreement.

Notwithstanding the above provisions of this Section 2.2, if the Corporation shall fail to make any premium payment within twenty (20) days after its due date, then the Employee may make such premium payment, and the Corporation shall reimburse the Employee for the portion of such premium payment not payable by the Employee hereunder, within ten (10) days of the making of such premium payment by the Employee.

ARTICLE 3

RIGHTS UPON DEATH OF EMPLOYEE

3.1 CORPORATION'S DEATH BENEFIT PORTION. Upon the death of the Employee, the Corporation shall be entitled to receive from the proceeds of the Policy an amount equal to the cumulative value of all premiums paid by the Corporation; decreased by any indebtedness described in Section 1.2(a)(i) under the Policy.

3.2 EMPLOYEE'S DEATH BENEFIT PORTION. The Employee's designated beneficiary or beneficiaries as set forth in Schedule A, attached hereto, shall be entitled to receive the balance of the proceeds of the Policy after deducting the Corporation's Death Benefit Portion. The Employee and the Corporation agree to conform the beneficiary designation of the Policy to the provisions hereof.

ARTICLE 4

RIGHTS UPON TERMINATION OF AGREEMENT OR SURRENDER OF POLICY

4.1 TERMINATION DEFINED. This Agreement shall automatically terminate upon the occurrence of any of the following events:

- (a) the bankruptcy, receivership or dissolution of the Corporation;
- (b) the termination of employment of the Employee with the Corporation (other than by reason of death);

(c) the Employee's notice of his intent to exercise his right to surrender the

Policy, pursuant to Subsection 1.2(b)(i) of Article 1, above;

(d) the mutual written Agreement of the Employee and the Corporation; or

(e) the removal of the Employee from the Corporation's "A" and "B" payroll group.

Notwithstanding anything else in this Agreement to the contrary, the Corporation has the unilateral right at any time to terminate, amend or discontinue the Agreement and to receive the Termination Amount described in Section 4.3 in such event.

4.2 RIGHTS UPON TERMINATION. Upon the termination of this Agreement as specified above, the Employee shall pay to the Corporation the amount determined pursuant to Section 4.3 of Article 4, below. Upon receipt of such amount from the Employee, the Corporation shall take all steps necessary to release the Collateral Assignment so that the Employee shall own the Policy free of all encumbrances thereon in favor of the Corporation required by this Agreement.

4.3 TERMINATION AMOUNT: LIVING PROCEEDS. The Corporation shall be entitled to receive either (a) from the Employee, as specified in Section 4.2 of Article 4, above, or (b) from the Issuer upon surrender, from the living proceeds of the Policy, an amount equal to the cumulative value of all premiums paid by the Company, decreased by the sum of any indebtedness described in Section 1.2(a)(i) under the Policy and the surrender charges, if any, imposed by the Issuer.

ARTICLE 5

ADMINISTRATIVE PROVISIONS

5.1 ISSUER'S RESPONSIBILITY. This Issuer shall not be considered a party to this Agreement and shall not be bound hereby. No provision of this Agreement, or any amendment hereof, shall in any way enlarge, change, vary or affect the obligations of the Issuer as expressly provided in the Policy, except as the same may become a part of the Policy by acceptance by the Issuer of the Collateral Assignment.

5.2 AMENDMENT. This Agreement may be amended only by express written Agreement signed by both the Employee and a duly authorized representative of the Corporation.

5.3 NOTICE. Any and all notices required to be given under the terms of this Agreement shall be given in writing and signed by the appropriate party, and shall be sent by certified mail, postage prepaid, to the appropriate address set forth below:

(a) to the Employee at:

Joseph Magliochetti
3846 Sulphur Springs Rd.
Toledo, OH 43606

(b) to the Corporation at:

Carl Hirsch - Senior Vice-President
Dana Corporation
4500 Dorr Street
Toledo, OH 43615

5.4 HEIRS. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the Employee, his or her successors, heirs and the executors or administrators of the estate of the Employee, and to the Corporation and its successors. The Employee and the Corporation agree that either party may assign its interest under this Agreement upon the prior written consent of the other party hereto, and any assignee shall be bound by the terms and conditions of this Agreement as if an original party hereto.

5.5 INTERPRETATION. This Agreement and the interests of the Employee and the Corporation hereunder shall be governed by and construed in accordance with the laws of the State of Ohio.

5.6 TERMS. This Agreement shall be effective as of the date first above written, and shall continue until terminated as herein provided or until all covenants herein activated by the death of the Employee are fully carried out.

5.7 HEADINGS. Any headings or captions in this Agreement are for reference purposes only, and shall not expand, limit, change or affect the meaning of any provision of this Agreement.

5.8 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Agreement.

5.9 FIDUCIARY. The person serving from time to time as the President of the Corporation shall serve as the named Fiduciary and administrator (hereinafter the "Fiduciary") of the split-dollar arrangement established pursuant to this Agreement. The Fiduciary shall have full power to administer this Agreement, and the Fiduciary's actions with respect hereto shall be binding and conclusive upon all persons for all purposes; subject to Section 5.10 of this Article 5. The Fiduciary shall not be liable to any person for any action taken or omitted in connection with its responsibilities, rights and duties under this Agreement unless attributable to willful misconduct or lack of good faith.

5.10 CLAIMS PROCEDURE. Any controversy or claim arising out of or relating to this Agreement shall be filed with the Fiduciary which shall make all determinations concerning such claim. Any decision by the Fiduciary denying such claim shall be in writing and shall be delivered to all parties in interest in accordance with the notice provisions of Section 5.3 hereof. Such decision shall set forth the reasons for denial in plain language. Pertinent provisions of the Agreement shall be cited and, where appropriate, an explanation as to how the Employee can perfect the claim will be provided. This notice of denial of benefits will be provided within 90 days of the Fiduciary's receipt of the Employee's claim for benefits. If the Fiduciary fails to notify the Employee of his decision regarding his claim, the claim shall be considered denied, and the Employee shall then be permitted to proceed with his appeal as provided in this Section.

An Employee who has been completely or partially denied a benefit shall be entitled to appeal this denial of his claim by filing a written statement of his

position with the Fiduciary no later than sixty (60) days after receipt of the written notification of such claim denial. The Fiduciary shall schedule an opportunity for a full and fair review of the issue within thirty (30) days of receipt of the appeal.

The decision on review shall set forth specific reasons for the decision, and shall cite specific references to the pertinent Agreement provisions on which the decision is based.

Following his review of any additional information submitted by the Employee, either through the hearing process or otherwise, the Fiduciary shall render a decision on his review of the denied claim in the following manner:

(a) The Fiduciary shall make his decision regarding the merits of the denied claim within 60 days following his receipt of the request for review (or within 120 days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). He shall deliver the decision to the claimant in writing. If an extension of time for reviewing the appealed claim is required because of special circumstances, written notice of the extension shall be furnished to the Employee prior to the commencement of the extension. If the decision on review is not furnished within the prescribed time, the claim shall be deemed denied on review.

(b) The decision on review shall set forth specific reasons for the decision, and shall cite specific references to the pertinent Agreement provisions on which the decision is based.

IN WITNESS WHEREOF, the parties hereto have hereto set their hands and seals as of the day and year first above written.

The Corporation

By: /s/ C. W. Hinde

Its: /s/ Asst. Treasurer

The Employee

/s/ J. M. Magliochetti

Joseph Magliochetti

(Name of Employee)

Management Statement

We have prepared the accompanying consolidated financial statements and related information included herein for the three years ended December 31, 2000.

The management of Dana Corporation is primarily responsible for the accuracy of the financial information that is presented in this annual report. These statements were prepared in accordance with generally accepted accounting principles and, where appropriate, we used our estimates and judgment with consideration to materiality.

To meet management's responsibility for financial reporting, we have established internal control systems which we believe are adequate to provide reasonable assurance that our assets are protected from loss. These systems produce data used for the preparation of financial information.

We believe internal control systems should be designed to provide accurate information at a reasonable cost which is not out of line with the benefits to be received. These systems and controls are reviewed by our internal auditors in order to ensure compliance, and by our independent accountants to support their audit work.

The Audit Committee of the Board of Directors meets regularly with management, internal auditors and our independent accountants to review accounting, auditing and financial matters. Our Audit Committee is composed of only outside directors. This committee and the independent accountants have free access to each other with or without management being present.

We believe people are Dana's most important asset. The proper selection, training and development of our people is a means of ensuring that effective internal controls and fair, uniform reporting are maintained as standard practice throughout the Company.

/s/ Robert C. Richter

Robert C. Richter
Vice President and
Chief Financial Officer

Report of Independent Accountants

[PRICEWATERHOUSECOOPERS LOGO]

To the Board of Directors and Shareholders of Dana Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of shareholders' equity and of cash flows, including pages 22 through 39, present fairly, in all material respects, the financial position of Dana Corporation and its subsidiaries at December 31, 1999 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Toledo, Ohio
February 2, 2001

Statement of Income

in millions except per share amounts

	Year Ended December 31		
	1998	1999	2000
Net sales	\$12,464	\$13,159	\$12,317
Revenue from lease financing	173	111	143
Other income, net	202	83	231
	12,839	13,353	12,691
Costs and expenses			
Cost of sales	10,449	10,964	10,599
Selling, general and administrative expenses	1,122	1,192	1,132
Restructuring and integration charges	118	181	173
Merger expenses	50		
Interest expense	280	279	323
	12,019	12,616	12,227
Income before income taxes	820	737	464
Estimated taxes on income	315	251	171
Income before minority interest and equity in earnings of affiliates	505	486	293
Minority interest	(8)	(13)	(13)
Equity in earnings of affiliates	37	40	54
Net income	\$ 534	\$ 513	\$ 334
Net income per common share			
Basic income per share	\$ 3.24	\$ 3.10	\$ 2.20
Diluted income per share	\$ 3.20	\$ 3.08	\$ 2.18
Cash dividends declared and paid per common share	\$ 1.14	\$ 1.24	\$ 1.24
Average shares outstanding — Basic	165	165	152
Average shares outstanding — Diluted	167	166	153

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

22 DANA CORPORATION

Balance Sheet

in millions except par value

	December 31	
	1999	2000
Assets		
Current assets		
Cash and cash equivalents	\$ 111	\$ 179
Accounts receivable		
Trade, less allowance for doubtful accounts of \$44 - 1999 and \$42 - 2000	1,935	1,548
Other	411	318
Inventories	1,784	1,564
Other current assets	560	714
Total current assets	4,801	4,323

Investments and other assets	1,858	2,367
Investment in leases	1,014	1,037
Property, plant and equipment, net	3,450	3,509
Total assets	\$11,123	\$11,236
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable, including current portion of long-term debt	\$ 1,418	\$ 1,945
Accounts payable	1,129	1,015
Accrued payroll and employee benefits	462	398
Other accrued liabilities	755	856
Taxes on income	124	117
Total current liabilities	3,888	4,331
Deferred employee benefits and other noncurrent liabilities	1,398	1,507
Long-term debt	2,732	2,649
Minority interest in consolidated subsidiaries	148	121
Total liabilities	8,166	8,608
Shareholders' equity		
Common stock, \$1 par value, shares authorized, 350; shares issued, 163 - 1999 and 148 - 2000	163	148
Additional paid-in capital	520	159
Retained earnings	2,762	2,909
Accumulated other comprehensive loss	(488)	(588)
Total shareholders' equity	2,957	2,628
Total liabilities and shareholders' equity	\$11,123	\$11,236

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

Statement of Cash Flows

in millions

	Year Ended December 31		
	1998	1999	2000
Net cash flows from operating activities	\$ 795	\$ 608	\$ 984
Cash flows from investing activities:			
Purchases of property, plant and equipment	(661)	(807)	(662)
Purchases of assets to be leased	(546)	(480)	(191)
Acquisitions	(829)	(18)	(511)
Divestitures	1,039	36	571
Changes in investments and other assets	(96)	(155)	(183)
Loans made to customers and partnerships	(232)	(259)	(643)
Payments received on leases	265	200	146
Proceeds from sales of certain assets	9	45	41
Proceeds from sales of leased assets	91	135	82
Payments received on loans	228	206	561
Other	(2)	(4)	(5)
Net cash flows — investing activities	(734)	(1,101)	(794)
Cash flows from financing activities:			
Net change in short-term debt	54	(341)	577

Issuance of long-term debt	473	1,396	368
Payments on long-term debt	(624)	(376)	(504)
Dividends paid	(198)	(206)	(187)
Shares repurchased		(100)	(381)
Other	41	1	5
Net cash flows — financing activities	(254)	374	(122)
Net increase (decrease) in cash and cash equivalents	(193)	(119)	68
Cash and cash equivalents — beginning of year	423	230	111
Cash and cash equivalents — end of year	\$ 230	\$ 111	\$ 179
Reconciliation of net income to net cash flows from operating activities:			
Net income	\$ 534	\$ 513	\$ 334
Depreciation and amortization	488	519	523
Unremitted earnings of affiliates	(33)	(37)	(54)
Deferred income taxes	64	66	118
Minority interest	12	6	10
Change in accounts receivable	(162)	(528)	327
Change in inventories	(72)	(183)	128
Change in other operating assets	17	1	(122)
Change in operating liabilities	13	296	(141)
Additions to lease and loan loss reserves	20	8	18
Gains on divestitures	(80)	(5)	(106)
Other	(6)	(48)	(51)
Net cash flows from operating activities	\$ 795	\$ 608	\$ 984

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

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Statement of Shareholders' Equity

in millions

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			Shareholders' Equity
				Foreign Currency Translation	Minimum Pension Liability	Net Unrealized Investment Gain (Loss)	
Balance, December 31, 1997	\$164	\$ 540	\$2,105	\$(210)	\$ (2)	\$ 7	\$2,604
Comprehensive income:							
Net income for 1998			534				
Foreign currency translation				(54)			
Minimum pension liability					(9)		
Net unrealized investment gains						(4)	
Total comprehensive income							467
Cash dividends declared			(184)				(184)
Cost of shares repurchased		(14)					(14)
Issuance of shares for director and employee stock plans	2	65					67
Balance, December 31, 1998	166	591	2,455	(264)	(11)	3	2,940
Comprehensive income:							
Net income for 1999			513				
Foreign currency translation				(214)			
Minimum pension liability					(2)		
Total comprehensive income							297
Cash dividends declared			(206)				(206)
Cost of shares repurchased	(3)	(105)					(108)

Issuance of shares for director and employee stock plans		34					34
Balance, December 31, 1999	163	520	2,762	(478)	(13)	3	2,957
Comprehensive income:							
Net income for 2000			334				
Foreign currency translation				(90)			
Minimum pension liability					(10)		
Total comprehensive income							234
Cash dividends declared			(187)				(187)
Cost of shares repurchased	(15)	(366)					(381)
Issuance of shares for director and employee stock plans		5					5
Balance, December 31, 2000	\$148	\$ 159	\$2,909	\$(568)	\$(23)	\$ 3	\$2,628

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

Notes to Financial Statements

in millions except share and per share amounts

Note 1.

Summary of Significant Accounting Policies

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

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

The following summary of significant accounting policies should help you evaluate the financial statements. Certain amounts in 1998 and 1999 have been reclassified to conform with the 2000 presentation.

Principles of Consolidation

The consolidated financial statements include all significant subsidiaries in which we have the ability to control operating and financial policies. Affiliated companies (20% to 50% ownership) are generally recorded in the statements using the equity method of accounting. Operations of affiliates accounted for on the equity method of accounting are generally included for periods ended within one month of our year end. Less than 20%-owned companies are included in the financial statements at the cost of our investment. Dividends, royalties and fees from these cost basis affiliates are recorded in income when received.

Foreign Currency Translation

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

Inventories

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

Pre-Production Costs Related to Long-Term Supply Arrangements

The cost of tooling that we own that is used to make products sold under long-term supply arrangements is capitalized as part of property, plant and equipment and amortized over its useful life. These costs are also capitalized if our customer owns the tooling and we have a noncancelable right to use the tooling over the contract period. Costs incurred in connection with the design and development of tooling that will be billed to customers upon completion is carried as a component of other accounts receivable. Design and development costs related to customer products are deferred if we have an agreement to collect such costs from the customer; otherwise, they are expensed as incurred.

Lease Financing

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

Allowance for Losses on Lease Financing

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

Goodwill

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

Loans Receivable

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

Allowance for Losses on Loans Receivable

Provisions for losses on loans receivable are determined on the basis of loss experience and assessment of inherent risk. Adjustments are made to the allowance for losses to adjust loans receivable to an estimated collectible amount. Income

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recognition is generally discontinued on accounts which are contractually past due and where no payment activity has occurred within 120 days. Accounts are charged against the allowance for losses when determined to be uncollectible.

Properties and Depreciation

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

Revenue Recognition

Sales are recognized when products are shipped. Accruals for warranty costs, sales returns and other allowances are provided at the time of shipment based upon experience. Adjustments are made as new information becomes available. Shipping and handling fees billed to customers are included in sales and the costs of shipping and handling are included in cost of sales.

Income Taxes

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

Financial Instruments

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

Derivative Financial Instruments

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

Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued in June 1998 and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Transactions," was issued in June 2000. The Statements require, among other things, that all derivative instruments be recognized on the balance sheet at fair value. We will adopt SFAS Nos. 133 and 138 in 2001. Interest rate swap arrangements are being formally designated as hedges and will be marked to market through other comprehensive income beginning in 2001. Foreign currency forwards and other derivatives are not being designated as hedges and will be marked to market through current earnings. We will evaluate these transactions from time to time to determine whether they should be designated as hedges. The adoption of SFAS Nos. 133 and 138 will not have a material effect on the results of operations.

Environmental Compliance and Remediation

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

Pension Plans

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

Postretirement Benefits Other Than Pensions

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

Postemployment Benefits

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

Statement of Cash Flows

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

The majority of our marketable securities satisfy the criteria for cash equivalents and are classified accordingly. The remainder of our marketable securities are classified as available for sale. Available-for-sale securities, which are included in investments and other assets, are carried at fair value and any

Notes to Financial Statements

in millions except share and per share amounts

Note 1. Summary of Significant Accounting Policies (Continued)

unrealized gains or losses, net of income taxes, are reported as a component of accumulated other comprehensive income or loss in shareholders' equity.

Stock-Based Compensation

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

Note 2. Preferred Share Purchase Rights

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

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

The Board may redeem the rights at a price of \$.01 each before anyone acquires 15% or more of our common shares. After that, and before the acquirer owns 50% of our outstanding shares, the Board may exchange each right for one share of our common stock.

Note 3. Preferred Shares

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

Note 4. Common Shares

Certain employee and director stock plans provide that employees and directors may tender stock to satisfy the purchase price of the shares, the income taxes required to be withheld on the transaction, or both. In connection with these stock plans, we repurchased 299,082 shares in 1998, 304,927 in 1999 and 91,074 in 2000.

During 1999, the Board of Directors (Board) authorized the expenditure of up to \$350 to repurchase shares of our common stock and in 2000 it authorized an additional expenditure of \$250 for a total authorization of \$600. The authorizations expired at the end of 2000. The repurchases were accomplished through open market transactions. In 1999, we repurchased 2,994,400 shares at an aggregate cost of \$100 and in 2000, 15,455,747 shares were repurchased at a cost of \$381.

All shares repurchased were cancelled and became authorized but unissued shares.

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

	1998	1999	2000
Shares outstanding at beginning of year	163,810,306	165,690,844	163,151,142
Issued for director and employee stock plans	2,179,620	764,535	272,713
Repurchased under stock plans	(299,082)	(309,837)	(91,074)
Repurchase program		(2,994,400)	(15,455,747)
Shares outstanding at end of year	165,690,844	163,151,142	147,877,034
Average shares outstanding for the year - - basic	165,057,443	165,322,644	152,038,862
Plus: Incremental shares from assumed conversion of -			
Deferred compensation units	476,197	461,112	571,029
Deferred restricted stock units	27,917	106,044	226,253
Stock options	1,480,967	608,165	95,182
Potentially dilutive shares	1,985,081	1,175,321	892,464
Average shares outstanding for the year - - diluted	167,042,524	166,497,965	152,931,326

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Note 5. Inventories

The components of inventory are as follows:

	December 31	
	1999	2000
Raw materials	\$ 534	\$ 436
Work in process and finished goods	1,250	1,128
	\$1,784	\$1,564

Inventories amounting to \$1,161 and \$1,005 at December 31, 1999 and 2000, respectively, are valued using the LIFO method. If all inventories were valued at replacement cost, inventories would be increased by \$135 and \$119 at December 31, 1999 and 2000, respectively.

Note 6. Short-Term Debt

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

At December 31, 2000, Dana, excluding DCC, had \$427 of commercial paper outstanding, \$300 borrowed against committed U.S. bank lines, \$40 borrowed against uncommitted U.S. bank lines, \$143 of non-U.S. notes and \$96 of notes payable at its non-U.S. subsidiaries. DCC had \$406 of commercial paper issued, \$75 borrowed against uncommitted U.S. bank lines and \$39 of notes payable at its non-U.S. subsidiaries.

Dana, excluding DCC, had committed borrowing lines of \$1,665 and uncommitted borrowing lines of \$639 at December 31, 2000. DCC had committed borrowing lines of \$570 and uncommitted borrowing lines of \$180 at December 31, 2000. Fees are paid

to the banks for providing committed lines, but not for uncommitted lines. Such fees are not considered material.

Selected details of short-term borrowings are as follows:

	Amount	Weighted Average Interest Rate
Balance at December 31, 1999	\$ 968	6.0%
Average during 1999	1,162	5.4
Maximum during 1999 (month end)	1,490	5.6
Balance at December 31, 2000	\$1,526	7.0%
Average during 2000	1,614	6.6
Maximum during 2000 (month end)	1,872	6.7

Note 7. Interest Rate Agreements

We enter into interest rate agreements to manage interest rate risk by reducing our exposure to the effects of future interest rate movements. Under interest rate swap agreements, we agree to exchange with third parties, at specific intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional amount. At December 31, 2000, DCC was committed to receive interest rates which change periodically in line with prevailing short-term market rates (the average rate being received at December 31, 2000 was 7.10%) and to pay an average rate of 7.00% which is fixed over the period of the agreements on notional amounts of \$125. DCC's notional amounts of interest rate swaps expire as follows: 2001, \$30; 2002, \$50 and 2003, \$45. Dana, exclusive of DCC, was not a party to any interest rate swap agreements at December 31, 2000.

Note 8. Long-Term Debt

	December 31	
	1999	2000
Indebtedness of Dana, excluding consolidated subsidiaries —		
Unsecured notes payable, fixed rates -		
6.25% notes, due March 1, 2004	\$ 250	\$ 250
6.5% notes, due March 15, 2008	150	150
7.0% notes, due March 15, 2028	200	197
6.5% notes, due March 1, 2009	350	350
7.0% notes, due March 1, 2029	400	375
6.32% - 7.04%, due 2001 to 2002	745	470
Various industrial revenue bonds and other	4	
Indebtedness of DCC —		
Unsecured notes payable, fixed rates, 4.25% - 8.54%, due 2001 to 2007	654	865
Unsecured notes payable, variable rates, 6.31% - 7.87%, due 2001 to 2003	215	220
Nonrecourse notes payable, fixed rates, 6.80% - 12.05%, due 2001 to 2010	154	108
Indebtedness of other consolidated subsidiaries	60	83
Total long-term debt	3,182	3,068
Less: Current maturities	450	419
	\$2,732	\$2,649

The total maturities of all long-term debt for the five years after 2000 are as follows: 2001, \$419; 2002, \$477; 2003, \$99; 2004, \$459 and 2005, \$77.

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

During 1999, DCC established a \$500 Medium-Term Note Program. Notes under the program are offered on terms determined at the time of issuance. At December 31, 2000, notes totaling \$500 were outstanding under the program. Interest on the notes is payable on a semi-annual basis. These notes are general, unsecured obligations of DCC. DCC has agreed that it will not issue any other notes which are secured or senior to notes issued under the program, except as permitted by the program.

Interest paid on short-term and long-term debt was \$283 in 1998, \$285 in 1999 and \$314 in 2000.

Notes to Financial Statements

in millions except share and per share amounts

Note 9. Stock Option Plans

The Compensation Committee of the Board grants stock options to selected Dana employees under the 1997 Stock Option Plan. The option price is equal to the market price of the stock at the date of grant. One-fourth of the options granted become exercisable at each of the first four anniversary dates of the grant; options generally expire 10 years from the date of grant. Stock appreciation rights may be granted separately or in conjunction with the options.

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

	Number of Shares	Weighted Average Exercise Price
Outstanding at		
December 31, 1997	8,227,608	\$ 30.01
Granted - 1998	2,519,524	48.14
Exercised - 1998	(2,062,466)	25.17
Cancelled - 1998	(174,009)	35.89
Outstanding at		
December 31, 1998	8,510,657	\$ 36.43
Granted - 1999	2,333,919	45.50
Exercised - 1999	(569,933)	30.65
Cancelled - 1999	(193,138)	43.24
Outstanding at		
December 31, 1999	10,081,505	\$ 38.78
Granted - 2000	3,322,750	23.06
Exercised - 2000	(120,857)	17.93
Cancelled - 2000	(420,999)	38.08
Outstanding at		
December 31, 2000	12,862,399	\$ 34.94

The following table summarizes information about stock options under this plan at December 31, 2000:

Range of Exercise Prices	Outstanding Options			Exercisable Options	
	Number of Options	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
\$13.18-28.13	4,986,495	7.6	\$24.22	1,845,595	\$26.20
29.06-38.44	3,288,055	5.4	34.58	3,129,705	34.38
40.08-52.56	4,587,849	8.0	46.85	2,263,161	47.07
	12,862,399	7.2	\$34.94	7,238,461	\$36.26

At December 31, 2000, there were 1,503,658 shares available for future grants under this plan.

In accordance with our accounting policy for stock-based compensation, we have not recognized any expense relating to these stock options. If we had used the fair value method of accounting, the alternative policy set out in SFAS No. 123, "Accounting for

Stock-Based Compensation,” the after-tax expense relating to the stock options would have been \$12 in 1998, \$11 in 1999 and \$14 in 2000. If we had charged this expense to income, our pro forma net income and earnings per share would have been as follows:

	1998	1999	2000
Net Income	\$ 522	\$ 502	\$ 320
Basic EPS	3.16	3.03	2.10
Diluted EPS	3.13	3.01	2.09

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

	1998	1999	2000
Risk-free interest rate	4.24 - 5.52 %	5.82%	6.16%
Dividend yield	2.21 - 2.87 %	2.73%	5.38%
Expected life	5.4 years	5.4 years	5.4 years
Stock price volatility	30.1 - 33.7%	38.60%	40.72%

Based on the above assumptions, the weighted average fair value per share of options granted under the plan was \$14.27 in 1998, \$15.79 in 1999 and \$6.51 in 2000.

Under our Directors’ Stock Option Plan, options for 3,000 common shares are automatically granted to each non-employee director once a year. The option price is the market value of the stock at the date of grant. The options can be exercised after one year and expire 10 years from the date of grant.

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

	Number of Shares	Weighted Average Exercise Price
Outstanding at		
December 31, 1997	99,000	\$28.74
Granted - 1998	24,000	60.09
Exercised - 1998	(3,000)	24.25
Outstanding at		
December 31, 1998	120,000	\$35.12
Granted - 1999	21,000	50.25
Exercised - 1999	(3,000)	24.25
Outstanding at		
December 31, 1999	138,000	\$37.66
Granted - 2000	21,000	28.78
Outstanding at		
December 31, 2000	159,000	\$36.49

The following table summarizes information about stock options under this plan at December 31, 2000:

Range of Exercise Prices	Outstanding Options			Exercisable Options	
	Number of Options	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
\$24.25-32.25	114,000	5.5	\$28.98	93,000	\$29.03
50.25-60.09	45,000	7.8	55.50	45,000	55.50
	159,000	6.0	\$36.49	138,000	\$37.66

At December 31, 2000, there were 106,000 shares available for future grants under this plan.

The non-employee directors of Echlin participated in the 1996 Non-Executive Director Stock Option Plan under which options for 232,325 shares were authorized for issuance. Options were granted at market value at the date of grant, were exercisable after one year and expire 10 years from the date of grant, except in the event of the retirement or death of the director. During 1998, options to purchase 17,654 shares were exercised at \$33.49. During 1999, options to purchase 39,265 shares were exercised at \$35.43. No options were exercised in 2000. At December 31, 2000, there were 38,752 options outstanding and exercisable at exercise prices ranging from \$33.49 to \$37.93 per share with a weighted average exercise price of \$34.40. The weighted average remaining contractual life of these options was 6.2 years. No future grants are expected under this plan.

Note 10. Employees' Stock Purchase Plan

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

We match up to 50% of the participants' contributions over a five-year period beginning with the year the amounts are withheld. If a participant withdraws any shares before the end of five years, the amount of our match will depend on how long the shares were in the account. The custodian purchased 874,272 shares in 1998, 1,177,541 shares in 1999 and 2,212,391 shares in 2000. The charge to expense for our match was \$9 in 1998, \$9 in 1999 and \$10 in 2000.

Note 11. Additional Compensation Plans

We have numerous additional compensation plans under which we pay our employees for increased productivity and improved performance. One such plan is our Additional Compensation Plan for certain officers and other key employees. Under this plan, a percentage of the participants' compensation is accrued for additional compensation if we attain certain profit levels. The Compensation Committee selects the participants and determines whether to pay the awards immediately in cash or to defer them for payment later in cash, stock or a combination of both. Participants may elect to convert deferred awards to units which are the economic equivalent of shares of Dana common stock. Units are credited the equivalent of dividends on our common stock and adjusted in value based on the market value of our common stock. Compensation expense was credited \$3 in 1998, \$3 in 1999 and \$7 in 2000 in connection with reductions in the value of deferred units. Awards not converted to units are credited quarterly with interest earned at a rate tied to the prime rate.

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

	1998	1999	2000
Awarded to participants based on preceding year's performance	\$ 14	\$ 14	\$ 15
Dividends and interest credited to participants' accounts	1	4	2
Charges to expense	9	19	(5)
Shares issued to participants	1,143	3,721	5,240

We also have a Restricted Stock Plan under which the Compensation Committee grants restricted common shares to certain key employees. The shares are subject to forfeiture until the restrictions lapse or terminate. Generally, the employee must remain employed with us for a specified number of years after the date of grant to receive shares. There were 55,100 shares granted in 1998, 102,500 shares in 1999 and 31,200 shares in 2000. Since 1997, participants have been able to convert their restricted stock into restricted stock units under certain conditions. The units are payable in unrestricted stock upon retirement or termination of employment. There were 200,037 restricted shares converted to restricted units in 1999 and 32,736 in 2000. Charges to expense for this plan were \$1 in 1998, \$2 in 1999 and \$2 in 2000. There are 652,268 shares authorized for future issuance under the plan at December 31, 2000.

Note 12.

Pension and Other Postretirement Benefits

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

The following tables provide a reconciliation of the changes in the defined benefit pension plans' and other postretirement plans' benefit obligations and fair value of assets over the two-year period ended December 31, 2000, statements of the funded status and schedules of the net amounts recognized in the balance sheet at December 31, 1999 and 2000:

	Pension Benefits			Other Benefits	
	1999	2000	1999	2000	
Reconciliation of benefit obligation					
Obligation at January 1	\$2,382	\$2,425	\$ 1,083	\$ 1,140	
Service cost	78	76	18	16	
Interest cost	153	168	69	79	
Employee contributions	4	4	4	4	
Plan amendments	20	6	(28)		
Actuarial (gain) loss	(41)	28	48	56	
Benefit payments	(162)	(224)	(78)	(84)	
Settlement, curtailment and terminations		15		(12)	
Acquisitions and divestitures	(5)	11	23		
Translation adjustments	(4)	(32)	1	(1)	
Obligation at December 31	\$2,425	\$2,477	\$ 1,140	\$ 1,198	
Reconciliation of fair value of plan assets					
Fair value at January 1	\$2,703	\$2,931			
Actual return on plan assets	284	49			
Acquisitions and divestitures	58	(26)			
Employer contributions	36	24			
Employee contributions	4	4			
Benefit payments	(158)	(198)			
Settlements		(1)			
Translation adjustments	4	(31)			
Fair value at December 31	\$2,931	\$2,752			
Funded Status					
Balance at December 31	\$ 506	\$ 275	\$(1,140)	\$(1,198)	
Unrecognized transition obligation	1	(1)			
Unrecognized prior service cost	82	57	(29)	(30)	
Unrecognized (gain) loss	(581)	(351)	254	321	
Accrued cost	\$ 8	\$ (20)	\$ (915)	\$ (907)	
Amounts recognized in the balance sheet consist of:					
Prepaid benefit cost	\$ 129	\$ 88			
Accrued benefit liability	(150)	(168)	\$ (915)	\$ (907)	
Intangible assets	8	23			
Accumulated other comprehensive loss	21	37			
Net amount recognized	\$ 8	\$ (20)	\$ (915)	\$ (907)	

Benefit obligations of the U.S. non-qualified and certain non-U.S. pension plans, amounting to \$125 at December 31, 2000, and the other postretirement benefit plans are not funded.

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

	Pension Benefits			Other Benefits		
	1998	1999	2000	1998	1999	2000
Service cost	\$ 71	\$ 78	\$ 76	\$ 18	\$ 18	\$ 16
Interest cost	153	153	168	70	69	79
Expected return on plan assets	(181)	(219)	(232)			
Amortization of transition obligation	4	3	3			
Amortization of prior service cost	16	23	23	(9)	(10)	(7)
Recognized net actuarial gain (loss)	(8)	5	(6)	5	4	10

Net periodic benefit cost	55	43	32	84	81	98
Curtailment (gain) loss	4		18	(19)		(23)
Settlement gain	(3)		(3)			
Termination expenses	2					
<hr/>						
Net periodic benefit cost after curtailments and settlements	\$ 58	\$ 43	\$ 47	\$ 65	\$ 81	\$ 75

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

	1998	U.S. Plans 1999	2000
Discount rate	6.75%	7.25%	7.75%
Expected return on plan assets	8.75%	9.25%	9.25%
Rate of compensation increase	4.31-5%	4.31-5%	4.31-5%
<hr/>			
	1998	Non-U.S. Plans 1999	2000
Discount rate	5-8%	5.5-7%	5.5-7.75%
Expected return on plan assets	7.25-9%	6.5-9%	6.5-9%
Rate of compensation increase	3.5-5%	3-5%	2.5-5%

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

	1998	1999	2000
Discount rate	6.75%	7.25%	7.75%
Initial weighted health care costs trend rate	7.5%	7.2%	6.8%
Ultimate health care costs trend rate	5%	5%	5%
Years to ultimate	10	9	9

Assumed health care costs trend rates have a significant effect on the health care plan. A one-percentage-point change in assumed health care costs trend rates would have the following effects for 2000:

	1% Point Increase	1% Point Decrease
Effect on total of service and interest cost components	\$ 7	\$ (6)
Effect on postretirement benefit obligations	91	(77)

Note 13. Business Segments

Our operations are organized into seven market-focused Strategic Business Units (SBUs). This structure allows our people in each of these units to focus their resources to benefit Dana and our global customers. We realigned certain businesses within our SBU structure in 2000. The most significant change was shifting our fluid handling products operations from the Engine Systems Group (ESG) to the Fluid Systems Group (FSG). The segment information was restated to reflect these changes.

The Automotive Systems Group (ASG) designs, develops and manufactures “under the vehicle” products for passenger cars and light trucks. Its global, full-service engineering provides its customers with complete modules and systems. In the automotive market, the group is a leading manufacturer of axles, driveshafts, structural components and modules and chassis systems.

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

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

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

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

The Off-Highway Systems Group (OHSG) manufactures and markets off-highway axles, powershift transmissions, transaxles, torque converters and electronic controls.

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

Notes to Financial Statements

in millions except share and per share amounts

Note 13. Business Segments (Continued)

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

1998	Sales	EBIT	Operating PAT	Net Profit	Net Assets	Capital Spend	Depreciation/Amortization
ASG	\$ 4,180	\$ 504	\$ 325	\$ 261	\$1,810	\$221	\$132
AAG	2,888	225	138	88	1,822	86	68
HTG	1,746	170	104	72	654	42	37
ESG	978	58	42	29	1,192	65	54
FSG	1,193	124	76	60	774	56	49
OHSG	888	77	47	34	552	45	38
DCC			34	34	122		
Other	591	(148)	(175)	13	27	37	18
Total operations	12,464	1,010	591	591	6,953	552	396
Restructuring and non-recurring items		(166)	(57)	(57)			
Consolidated	\$12,464	\$ 844	\$ 534	\$ 534	\$6,953	\$552	\$396
North America	\$ 9,657	\$1,036	\$ 642	\$ 520	\$4,825	\$339	\$258
Europe	1,844	110	66	37	1,392	116	86
South America	779	26	27	14	777	61	40
Asia Pacific	184	(6)	(5)	(12)	138	12	8
DCC			34	34	122		
Other		(156)	(173)	(2)	(301)	24	4
Total operations	12,464	1,010	591	591	6,953	552	396
Restructuring and non-recurring items		(166)	(57)	(57)			
Consolidated	\$12,464	\$ 844	\$ 534	\$ 534	\$6,953	\$552	\$396
1999							
ASG	\$ 4,461	\$ 538	\$ 343	\$ 271	\$1,761	\$190	\$142
AAG	3,039	307	188	127	1,998	117	76
HTG	1,904	208	127	91	689	48	34
ESG	1,318	103	69	49	1,136	85	73
FSG	1,238	133	82	63	757	60	50
OHSG	812	56	34	22	546	31	37
DCC			34	34	145		

Other	387	(194)	(199)	21	208	16	17
Total operations	13,159	1,151	678	678	7,240	547	429
Restructuring and non-recurring items		(229)	(165)	(165)			
Consolidated	\$13,159	\$ 922	\$ 513	\$ 513	\$7,240	\$547	\$429
North America	\$10,308	\$1,235	\$ 771	\$ 612	\$5,222	\$379	\$283
Europe	2,051	99	57	20	1,267	102	96
South America	549	16	13	3	581	48	37
Asia Pacific	251		(1)	(10)	143	13	9
DCC			34	34	145		
Other		(199)	(196)	19	(118)	5	4
Total operations	13,159	1,151	678	678	7,240	547	429
Restructuring and non-recurring items		(229)	(165)	(165)			
Consolidated	\$13,159	\$ 922	\$ 513	\$ 513	\$7,240	\$547	\$429
2000							
ASG	\$ 4,634	\$ 423	\$ 287	\$ 196	\$2,097	\$180	\$149
AAG	2,850	125	77	2	1,940	74	78
HTG	1,598	126	76	41	557	32	42
ESG	1,293	86	63	40	1,082	77	75
FSG	1,163	110	66	45	673	43	48
OHSG	674	49	30	18	438	19	29
DCC			35	35	174		
Other	105	(243)	(257)		19	9	6
Total operations	12,317	676	377	377	6,980	434	427
Restructuring and non-recurring items		(25)	(43)	(43)			
Consolidated	\$12,317	\$ 651	\$ 334	\$ 334	\$6,980	\$434	\$427
North America	\$ 9,449	\$ 804	\$ 525	\$ 346	\$4,730	\$306	\$286
Europe	1,947	74	44	4	1,542	78	96
South America	563	24	11		451	32	30
Asia Pacific	358	7	5	(8)	169	11	11
DCC			35	35	174		
Other		(233)	(243)		(86)	7	4
Total operations	12,317	676	377	377	6,980	434	427
Restructuring and non-recurring items		(25)	(43)	(43)			
Consolidated	\$12,317	\$ 651	\$ 334	\$ 334	\$6,980	\$434	\$427

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

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

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

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

Sales by region are based on the location of the entity recording the sale. Sales from the U.S. amounted to \$8,784 in 1998, \$9,413 in 1999 and \$8,552 in 2000. No other country's sales exceeded 10% of total sales. U.S. long-lived assets were \$1,835 in 1999 and \$1,865 in 2000. No other country's long-lived assets exceeded 10% of total long-lived assets.

Net operating assets differ from consolidated assets as follows:

	1998	1999	2000
Net operating assets	\$ 6,953	\$ 7,240	\$ 6,980
Accounts payable	996	1,129	1,014
DCC's assets in excess of equity	1,330	1,902	2,279
Non-trade receivables and other current assets	629	655	755
Other long-term assets	230	197	208
Consolidated assets	\$10,138	\$11,123	\$11,236

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

Export sales from the U.S. to customers outside the U.S. amounted to \$756 in 1998, \$939 in 1999 and \$832 in 2000. Total export sales (including sales to our non-U.S. subsidiaries which are eliminated for financial statement presentation) were \$1,001 in 1998, \$1,229 in 1999 and \$1,115 in 2000.

Worldwide sales to Ford Motor Company and subsidiaries amounted to \$1,911 in 1998, \$2,130 in 1999 and \$2,396 in 2000, which represented 15%, 16% and 19% of our consolidated sales. Sales to DaimlerChrysler AG and subsidiaries were \$1,602 in 1998, \$1,777 in 1999 and \$1,669 in 2000 representing 13%, 14% and 14% of our consolidated sales. Sales to Ford were primarily from our ASG and FSG segments, while sales to DaimlerChrysler were primarily from the ASG and HTG segments. No other customer accounted for more than 10% of our consolidated sales.

Note 14. Estimated Income Taxes

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

	Year Ended December 31		
	1998	1999	2000
Current			
U.S. federal	\$140	\$ 23	\$ 22
U.S. state and local	46	15	18
Non-U.S.	74	139	74
	260	177	114
Deferred			
U.S. federal	43	120	48
Non-U.S.	12	(46)	9
	55	74	57
Total expense	\$315	\$251	\$171

Deferred tax benefits (liabilities) consist of the following:

	Year Ended December 31		
	1998	1999	2000
Postretirement benefits other than pensions	\$ 386	\$ 387	\$ 328
Postemployment benefits	38	38	32
Expense accruals	144	150	210
Inventory reserves	28	35	58
Net operating loss and credit carryforwards	123	117	151
Valuation allowances	(59)	(83)	(102)
Other employee benefits	16	24	23
Other	30	63	65
Deferred tax benefits	706	731	765

Depreciation — non-leasing	(179)	(215)	(239)
Leasing activities	(383)	(441)	(557)
Pension accruals	(23)	(15)	(12)
Other	(11)	(17)	(17)
Deferred tax liabilities	(596)	(688)	(825)
Net deferred tax benefits (liabilities)	\$ 110	\$ 43	\$ (60)

Worldwide, we have operating loss carryforwards of approximately \$366 with remaining lives ranging from one year to an indefinite period. Valuation allowances are provided for deferred benefits if the realization of the benefits is uncertain. To reflect uncertainties related to utilization of specific loss carryforwards, we increased the valuation allowance by \$24 in 1999 and \$19 in 2000. Net benefits recognized for loss and tax credit carryforwards generally relate to the U.S., where we have traditionally

Notes to Financial Statements

Note 14. Estimated Income Taxes (Continued)

been a taxpayer, and Germany and Brazil, where operating losses may be carried forward indefinitely.

Cumulative undistributed earnings of non-U.S. subsidiaries for which U.S. income taxes, exclusive of foreign tax credits, have not been provided approximated \$935 at December 31, 2000. U.S. income taxes have not been provided on these undistributed earnings since we intend to permanently reinvest them. If the total undistributed earnings of non-U.S. subsidiaries had been remitted in 2000, a significant amount of the additional tax provision would have been offset by foreign tax credits.

We paid income taxes of \$228 in 1998, \$136 in 1999 and \$98 in 2000.

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

	Year Ended December 31		
	1998	1999	2000
U.S. federal income tax rate	35.0%	35.0%	35.0%
Increases (reductions) resulting from:			
State and local income taxes, net of federal income tax benefit	3.6	2.1	2.3
Non-U.S. income	(1.1)	(0.7)	(1.1)
General business tax credits	(0.4)	(1.9)	(1.7)
Amortization of goodwill	0.5	0.6	1.2
Miscellaneous items	0.9	(1.0)	1.1
Effective income tax rate	38.5%	34.1%	36.8%

Note 15. Composition of Certain Balance Sheet Amounts

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

	December 31	
	1999	2000
Investments and Other Assets		
Goodwill	\$ 997	\$ 969
Investments at equity	429	965
Marketable securities, cost of \$45 - 1999 and \$37 - 2000	49	41
Loans receivable	103	109
Other	280	283

	\$1,858	\$2,367
Property, Plant and Equipment, net		
Land and improvements to land	\$ 159	\$ 146
Buildings and building fixtures	1,202	1,167
Machinery and equipment	4,820	4,859
	6,181	6,172
Less: Accumulated depreciation	2,731	2,663
	\$3,450	\$3,509
Deferred Employee Benefits and Other Noncurrent Liabilities		
Postretirement other than pension	\$ 839	\$ 831
Deferred income tax	190	310
Pension	79	109
Postemployment	82	82
Compensation	68	54
Other noncurrent liabilities	140	121
	\$1,398	\$1,507
	December 31	
	1999	2000
Investment in Leases		
Direct financing leases	\$ 173	\$ 141
Leveraged leases	816	867
Property on operating leases, net of accumulated depreciation	87	93
Allowance for credit losses	(41)	(43)
	1,035	1,058
Less: Current portion	21	21
	\$1,014	\$1,037

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

	December 31	
	1999	2000
Total minimum lease payments	\$201	\$154
Residual values	43	42
Deferred initial direct costs	2	2
	246	198
Less: Unearned income	73	57
	\$173	\$141

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

	December 31	
	1999	2000
Rentals receivable	\$ 7,218	\$ 7,597
Residual values	788	874
Nonrecourse debt service	(6,036)	(6,409)
Unearned income	(1,143)	(1,185)
Deferred investment tax credit	(11)	(10)
	816	867
Less: Deferred taxes arising from leveraged leases	355	423
	\$ 461	\$ 444

Total minimum lease payments receivable on direct financing leases as of December 31, 2000 are as follows:

Year Ending December 31:	
2001	\$ 31
2002	25
2003	22
2004	19
2005	14
Later years	43
<hr/>	
Total minimum lease payments receivable	\$154

Total minimum lease payments receivable on operating leases as of December 31, 2000 are as follows:

Year Ending December 31:	
2001	\$ 24
2002	20
2003	15
2004	11
2005	9
Later years	23
<hr/>	
Total minimum lease payments receivable	\$102

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Note 16. Fair Value of Financial Instruments

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

	December 31		December 31	
	1999		2000	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
<hr/>				
Financial assets				
Cash and cash equivalents	\$ 111	\$ 111	\$ 179	\$ 179
Loans receivable (net)	184	180	219	228
Investment securities	67	67	55	55
Financial liabilities				
Short-term debt	968	968	1,526	1,526
Long-term debt	3,198	3,101	3,068	2,943
Security deposits — leases	4	3	1	
Deferred funding commitments under leveraged leases	4	3	1	1
Unrecognized financial instruments, net		(4)		(1)

Note 17. Commitments and Contingencies

At December 31, 2000, we had purchase commitments for property, plant and equipment of approximately \$166. DCC had commitments to provide loan and lease financing in the aggregate amount of \$60. Subsequent financing under the DCC commitments is subject to satisfactory completion of normal conditions precedent to the execution of such lease financing arrangements.

At December 31, 2000, we had contingent obligations of up to \$130 related to guarantees of third-party loans to equity affiliates.

Future minimum rental commitments under operating leases were \$367 at December 31, 2000, with rental payments during the next five years of: 2001, \$67; 2002, \$64; 2003, \$55; 2004, \$49 and 2005, \$41. Net rental expense was \$119 in 1998, \$117 in 1999

and \$103 in 2000.

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

Note 18. Acquisitions

In 1998, we acquired the heavy axle and brake business of Eaton Corporation; General Automotive Specialty Company, Inc. (GAS); a 98-percent share of the capital of Nakata S.A. Industria e Comercio (Nakata); full ownership of SIMESC-Parish, our Brazilian structural components manufacturing company; the Glacier Vandervell Bearings Group and the AE Clevite North American non-bearing aftermarket engine hard parts business. GAS manufactures motor switches and locks. SIMESC-Parish, which has been renamed Dana Parish Produtos Estruturais, S.A., produces a range of structural products, including full frames and heavy-truck side rails. Nakata and its subsidiaries are the leading Brazilian manufacturers of suspension components, such as tie rods and ball joints. Glacier Vandervell produces and distributes products, primarily engine bearings, used in passenger car and light-duty vehicle applications for both original equipment manufacturers and the aftermarket. The AE Clevite business distributes products such as camshafts, valves and other valvetrain, timing and cylinder components to the automotive aftermarket.

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

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

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

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

In January 2000, we acquired the cardan-jointed propeller shaft business of GKN plc. In March, we acquired a majority interest in Tribometal a.s., a manufacturer of polymer bearings. The automotive axle manufacturing and stamping operations of Invensys plc were acquired in July. In November, we acquired a 30-percent interest in GETRAG Cie, a manufacturer of transmissions, transaxles, axles and other automotive components, and a 49-percent interest in GETRAG's North American operations. Except for the interests in GETRAG, which are being accounted for as equity investments, the acquisitions were accounted for as purchases and the results of their operations have been included in the consolidated financial statements from the dates of acquisition. The acquisitions accounted for as purchases had total assets of \$373 at acquisition and recorded sales of \$195 since the dates of acquisition.

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dollars in millions

Note 19. Divestitures

In February 1998, we completed the sale of our hydraulic brake hose facilities in Columbia City, Ind. and Garching, Germany. In April 1998, we sold our Midland-Grau heavy-duty brake operations. In June 1998, we completed the sale of our hydraulic cylinder business. In December 1998, DCC completed the sale of its Technology Leasing Group portfolio resulting in an after-tax

gain of \$76. These operations contributed sales of \$471 in 1997; through the dates of divestiture, 1998 sales for these operations totaled \$140.

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

In January 2000, we sold our Gresen Hydraulics business, the Truckline Parts Centres heavy-duty distribution business and certain portions of our constant velocity (CV) joint businesses. In February, we sold most of the global Warner Electric businesses and, in March, we sold Commercial Vehicle Cab Systems. In September 2000, we sold the remaining 35% interest in our Brazilian CV joint operation. Net gain recorded on these divestitures totaled \$106. These businesses reported sales of \$666 in 1999; through the dates of divestiture, 2000 sales for these operations totaled \$103.

Note 20. Restructuring of Operations

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

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

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

During the third quarter of 2000, we announced plans to close our Reading, Pa. structures facility and terminate approximately 690 people and recorded restructuring charges of \$53. In the fourth quarter, we approved plans to close facilities in France, the United Kingdom and Argentina, resulting in \$34 of charges and a workforce reduction of approximately 230 people. We also incurred integration expenses in 2000 related to consolidating our Engine Controls warehouse operations and moving operations from closed facilities.

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

	Employee Termination Benefits	Impairment		Exit Costs	Integration Expenses	Total
		Long-Lived Assets	Investments In Operations To be Sold			
Balance at December 31, 1997	\$ 88	\$ 30	\$ 62	\$ –	\$ –	\$ 180
Activity during the year						
Charged to expense	65	40		13		118
Cash payments	(37)			(2)		(39)
Write-off of assets		(70)	(62)			(132)
Balance at December 31, 1998	116	–	–	11	–	127
Activity during the year						
Charged to expense	60	59		11	51	181
Cash payments	(85)			(9)	(51)	(145)
Write-off of assets		(59)				(59)
Balance at December 31, 1999	91	–	–	13	–	104
Activity during the year						
Charged to expense	62	8		27	76	173

Cash payments	(60)	(8)	(20)	(76)	(164)	
Balance at December 31, 2000	\$ 93	\$ -	\$ -	\$ 20	\$ -	\$ 113

Employee terminations relating to the plans were as follows:

	1998	1999	2000
Total estimated	2,450	1,280	1,020
Less terminated:			
1999	(1,123)	(595)	
2000	(1,230)	(615)	(765)
Balance at December 31, 2000	97	70	255

At December 31, 2000, \$113 of restructuring charges remained in accrued liabilities. This balance was comprised of \$93 for workforce reductions of approximately 420 employees to be completed in 2001 and \$20 for lease terminations and other exit costs. We estimate that cash expenditures will be approximately \$81 in 2001, \$14 in 2002 and \$18 thereafter. Our liquidity and cash flows will not be materially impacted by these actions. It is anticipated that our operations over the long term will benefit from these realignment strategies.

Note 21. Noncash Investing and Financing Activities

In leveraged leases, the issuance of nonrecourse debt financing and subsequent repayments thereof are transacted directly between the lessees and the lending parties to the transactions. Nonrecourse debt issued to finance DCC's investment in leveraged leases was \$225 in 1998, \$878 in 1999 and \$403 in 2000; nonrecourse debt obligations repaid were \$182 in 1998, \$273 in 1999 and \$106 in 2000.

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dollars in millions

We faced numerous challenges in 2000, in both the original equipment manufacturer (OEM) and automotive aftermarket sectors, internally and externally, domestically and abroad. North American light vehicle production reached 17.2 million units in 2000, mainly on the strength of the first half of the year. By December, OEM production schedules were 16% below those of December 1999, a gap that widened even more in January 2001. This decline has been marked by sharp and sudden shifts in demand for our products, creating operating inefficiencies that are reflected in our margins. Heavy truck production also started the year at near-record volume, only to drop by 40% in the second half in reaction to high retail inventory and slowing demand. The automotive aftermarket was especially soft in the United States and we experienced numerous problems as we attempted to consolidate certain of our domestic warehouses. The euro lost nearly 16% of its value against the dollar in the first ten months of the year before rebounding in November and December to finish the year down 6%. Currency fluctuations overall reduced our sales by \$279 and our net income by \$10. Our operating units took steps to reduce capacity and costs in the second half of 2000 in response to reduced demand. In the fourth quarter, we recognized approximately \$27 of equity losses related to our 49%-owned affiliate in Venezuela.

There were accomplishments in 2000 as well. We completed several divestitures that were announced in 1999 and a number of strategic acquisitions that should provide important opportunities for us in the near future. We made progress toward our goal of reducing working capital and those efforts are continuing in 2001. Our Spicer Driveshaft Division earned the Malcolm Baldrige National Quality Award in manufacturing, the second time in five years that a Dana unit has received a Baldrige Award.

As we enter 2001, we face ongoing reductions in demand from our major OEM customers as they react to high dealer inventory and lower sales. We have reduced capacity, including workforce reductions of 8,300 people in 2000, and further rationalization of assets and people is continuing in 2001. We also face pricing pressure that will challenge us to reduce costs through improved capital efficiency, advanced technology and continued advancement of our global sourcing initiatives.

Liquidity and Capital Resources

Operating activities provided cash of \$984 in 2000, exceeding the 1999 total by \$376. Net income provided \$334, a \$179 decline from 1999. Included in net income in 2000 is \$106 of non-operating gains on divestitures; net income in 1999 included a net gain of \$5. Working capital declined by \$483 during 2000. While \$240 was the net result of acquisitions and divestitures and \$51 was due to currency movements, \$192 was the direct result of a company-wide initiative to reduce working capital. We are continuing these efforts in 2001. In particular, our Automotive Aftermarket Group is expected to improve inventory intensity in 2001 after fully resolving its warehouse integration problems.

Investing activities in 2000 used cash of \$794 versus \$1,101 in 1999. Capital spending was limited to \$662, a reduction of \$145 from the 1999 level. Purchases of assets to be leased decreased by \$289 but investments in partnerships totaled \$181 and loans made to customers exceeded payments received by \$82 as DCC shifted its focus from direct ownership of leased assets to other forms of investment. Divestitures generated \$571 of proceeds during 2000. Completion of several strategic investments required cash of \$511.

Financing activities in 2000 used cash of \$122. Included among 2000 activities were \$187 of dividend payments and \$381 of common stock repurchases versus \$206 paid in dividends and \$100 spent on stock repurchases in 1999. We repurchased 15,455,747 shares in 2000 under the repurchase program approved by our directors in April 1999 and amended in February 2000, bringing the total shares repurchased under the program to 18,450,147. We did not make any purchases after September 2000 and the program ended December 31, 2000. This share reduction accounts for the \$19 reduction in dividends paid. Debt activity included payments on long-term debt of \$504 and new borrowings of \$368. Short-term borrowings increased a net of \$577.

At December 31, 2000, we had committed and uncommitted bank lines totaling \$3,054, DCC having \$750 of this figure. To satisfy a significant portion of our short-term financing requirements, we have generally relied on our ability to borrow money through the issuance of commercial paper. However, the debt rating services downgraded our credit ratings in January 2001 and placed Dana on their watch lists, primarily due to the significant downturn experienced in our markets in the fourth quarter. These rating actions, coupled with the volatility and current lack of depth of the commercial paper market, are currently making it difficult for us to issue commercial paper. As a result, we are borrowing against our committed bank lines. We are also exploring other means of supplementing our liquidity. The interest rates on our committed bank lines and the cost of alternative financing may be higher than those historically

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experienced in the commercial paper market. We expect that the combination of our committed bank lines, certain asset-based financing sources and cash flow from operations will satisfy our liquidity requirements for the year.

We have reviewed the liabilities that may result from the legal proceedings to which we are currently a party, including those involving product liability claims and alleged violations of environmental laws. We do not believe that these liabilities or the related cash flows are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

Contingent environmental liabilities are estimated based on the most probable method of remediation, current laws and regulations and existing technology. Estimates are made on an undiscounted basis and exclude the effects of inflation. If there is a range of equally probable remediation methods or outcomes, the lower end of the range is accrued. At December 31, 2000, \$40 was accrued for contingent environmental liabilities with no recovery expected from other parties, compared to \$45 accrued at December 31, 1999 and \$1 recorded as probable recoveries.

Contingent non-asbestos product liabilities are estimated based on existing claims plus our estimate of incurred but not reported claims based on historical experience. At December 31, 2000, \$21 was accrued for contingent non-asbestos product liability costs and \$2 was recorded as an asset for probable recoveries, compared to \$19 of liabilities with no anticipated recoveries at the end of 1999.

With respect to contingent asbestos-related product liability, we had approximately 70,000 asbestos-related claims outstanding at December 31, 2000, including approximately 33,000 claims that were settled pending payment. We have agreements with our insurance carriers providing for the payment of a significant majority of the defense and indemnity costs for pending claims as well as claims which may be filed against us in the future. At December 31, 2000, we had accrued \$78 for contingent asbestos-related product liability costs and recorded \$67 as an asset for probable recoveries from insurance or third parties for asbestos-related product liability claims, compared to \$77 accrued for liabilities and \$65 recorded as an asset at December 31, 1999. We recorded pre-tax expenses of less than \$5 in 2000 related to the settlement and administration of asbestos-related product liability claims.

For some time, the vast majority of our asbestos-related claims were administered by the Center for Claims Resolution (CCR), which settled claims for its member companies on a shared settlement cost basis. In February 2001, the CCR was reorganized and discontinued negotiating shared settlements. The CCR continues to administer Dana's claims and will provide some legal and claims adjusting support. However, there will be no sharing of indemnity costs and Dana will independently control its strategy and settlements. Dana will continue to assess the efficiency of this arrangement. We do not expect this change to materially affect our contingent liability for these claims.

The difference between our minimum and maximum estimates for contingent liabilities, while not considered material, was \$2 for the environmental liability claims and \$14 for the non-asbestos product liability claims, compared to \$3 and \$12 at December 31, 1999.

Restructuring and Integration

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

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

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

During the third quarter of 2000, we announced plans to close our Reading, Pa. structures facility and terminate approximately 690 people and recorded restructuring charges of \$53. In the fourth quarter, we approved plans to close facilities in France, the United Kingdom and Argentina, resulting in \$34 of charges and a workforce reduction of approximately 230 people. We also incurred integration expenses in 2000 related to consolidating our Engine Controls warehouse operations and moving operations from closed facilities.

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dollars in millions

Restructuring and Integration (Continued)

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

	Employee Termination Benefits	Impairment		Exit Costs	Integration Expenses	Total
		Long-Lived Assets	Investments In Operations To be Sold			
Balance at December 31, 1997	\$ 88	\$ 30	\$ 62	\$ -	\$ -	\$ 180
Activity during the year						
Charged to expense	65	40		13		118
Cash payments	(37)			(2)		(39)
Write-off of assets		(70)	(62)			(132)

Balance at December 31, 1998	116	–	–	11	–	127
Activity during the year						
Charged to expense	60	59		11	51	181
Cash payments	(85)			(9)	(51)	(145)
Write-off of assets		(59)				(59)
Balance at December 31, 1999	91	–	–	13	–	104
Activity during the year						
Charged to expense	62	8		27	76	173
Cash payments	(60)	(8)		(20)	(76)	(164)
Balance at December 31, 2000	\$ 93	\$ –	\$ –	\$ 20	\$ –	\$ 113

Employee terminations relating to the plans were as follows:

	1998	1999	2000
Total estimated	2,450	1,280	1,020
Less terminated			
1999	(1,123)	(595)	
2000	(1,230)	(615)	(765)
Balance at December 31, 2000	97	70	255

At December 31, 2000, \$113 of restructuring charges remained in accrued liabilities. This balance was comprised of \$93 for workforce reductions of approximately 420 employees to be completed in 2001 and \$20 for lease terminations and other exit costs. We estimate that cash expenditures will be approximately \$81 in 2001, \$14 in 2002 and \$18 thereafter. Our liquidity and cash flows will not be materially impacted by these actions. It is anticipated that our operations over the long term will benefit from these realignment strategies.

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Results of Operations (2000 versus 1999)

Our worldwide sales were \$12,317 in 2000, a 6% or \$842 decline from the \$13,159 recorded in 1999. The divestitures completed in the first quarter of 2000 were a significant factor. Net of the effect of acquisitions, these divestitures accounted for a \$410 reduction in sales for the year. Currency fluctuations accounted for an additional \$279 decline in sales.

Sales by region for 1999 and 2000 are presented in the following table.

	1999	2000	Change	
			Amount	Percent
North America	\$10,308	\$9,449	\$(859)	(8.3)
Europe	2,051	1,947	(104)	(5.1)
South America	549	563	14	2.6
Asia Pacific	251	358	107	42.6

U.S. sales were \$8,552, a 9% or \$861 decline from the 1999 level, with divestitures net of acquisitions accounting for \$408 of the decrease. Exports from the U.S. declined from \$939 in 1999 to \$832 in 2000

Overall sales outside the United States increased \$20 despite the \$279 adverse impact of further strengthening of the U.S. dollar. Sales for our operations in Canada and Mexico were flat after considering a \$4 benefit from currency changes; acquisitions and divestitures were not a factor in those countries. Sales in Europe benefited from a net \$65 increase related to acquisitions net of divestitures and organic growth added another \$79. These positive effects were more than offset by \$247 of adverse currency impact as the U.S. dollar equivalent of sales denominated in euros and pounds declined \$207 and \$32, respectively, due to weakness in those currencies. In South America, where currency weakness resulted in an \$11 sales decline, the effect of divestitures net of acquisitions was a \$66 drop in sales. Continuing recovery in the region was evident however in the \$90 of organic growth.

Organic growth in Asia Pacific sales totaled \$133, more than offsetting the \$25 of adverse currency effects. Sales due to acquisitions equaled those lost by way of divestitures.

Our Strategic Business Units (SBUs) – Automotive Systems Group (ASG), Automotive Aftermarket Group (AAG), Heavy Truck Group (HTG), Engine Systems Group (ESG), Fluid Systems Group (FSG), Off-Highway Systems Group (OHSG) and Dana Credit Corporation (DCC) – represent our business segments. We realigned certain businesses within our SBU structure in 2000. The most significant change was shifting our fluid handling products operations from the ESG to the FSG. Our segment information has been restated to reflect these changes.

Sales by SBU for 1999 and 2000 are presented in the following table. DCC did not record sales in either year. The “Other” category in the table represents facilities that have been closed or sold and operations not assigned to a specific SBU.

	1999	2000	Change	
			Amount	Percent
ASG	\$4,461	\$4,634	\$ 173	3.9
AAG	3,039	2,850	(189)	(6.2)
HTG	1,904	1,598	(306)	(16.1)
ESG	1,318	1,293	(25)	(1.9)
FSG	1,238	1,163	(75)	(6.1)
OHSG	812	674	(138)	(17.0)
Other	387	105	(282)	(72.9)

ASG sales in North America decreased \$106 or 3% in 2000 as a result of light vehicle and heavy truck OEM production cuts intended to reduce dealer inventory. Light vehicle production in North America started the year near all-time record levels but declined in the second half of 2000 to end at 17.2 million units. Sport utility vehicles (SUVs) and light trucks displayed a similar trend line while maintaining their share of overall production. While sales appeared flat in South America, internal growth in Brazil across all the ASG product lines was slightly more than the combined negative effect of currency (\$8) and net divestitures (\$55). Sales in Europe benefited from our acquisition of the GKN driveshaft business early in the year, which added sales of \$142, but gave back \$75 to currency effects. ASG’s internal growth of nearly \$40 resulted from improvement in both driveshaft and axle sales, the latter improving 32% in Austria. The acquisition of the automotive axle manufacturing and stamping business of Invensys plc added \$34 of sales in Asia Pacific, more than offsetting the \$22 adverse currency effect and complementing the \$141 of organic growth resulting mainly from new modular systems business.

AAG ended the year with a \$189 decrease in sales, of which nearly \$44 related to the late 1999 divestiture of Sierra. Inefficiencies in consolidating parts of its warehousing operations and softness in the North American automotive aftermarket were key factors in the \$85 sales decline at AAG’s operating units in this region. Sales in Europe were marginally higher than in 1999 but the region lost \$40 to currency movements. Modest sales improvement in South America was offset by decreases in Asia Pacific. There were no acquisitions or divestitures in either region and currency effects were minimal.

HTG continued its success of 1999 during the first half of 2000, growing sales 4% after excluding the effects of two divestitures in the first quarter of 2000. However, early in the second half of the year, heavy truck manufacturers sharply reduced production in response to falling demand and excess inventory. HTG sales fell by one-third in the second half and finished the full year \$306 below 1999 results. The divestiture impact for the full year was \$106 and currency losses pared another \$9, leaving \$190 of organic sales reductions.

ESG achieved \$31 of organic growth with \$23 emanating from Europe and \$8 from South America. Similar to the European operations of our other SBUs, those of the ESG lost

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dollars in millions

\$56 in converting their local sales to U.S. dollars. ESG sales in North America edged up \$5 or 1% in 2000.

FSG sales declined \$75 in 2000 as North America lost \$51 in its ongoing operations and another \$6 due to a divestiture. Operations in Europe incurred currency losses of \$17 to account for most of their \$19 sales decline. Sales in South America were even with the prior year.

OHSG sales fell \$138 overall as the divestiture of the Gresen Hydraulics business in January 2000 resulted in a \$97 decline in sales and adverse currency impacts accounted for another \$49. Organic growth was a modest \$8. North American sales declined \$93 with \$86 attributable to the Gresen divestiture. In Europe, sales were \$41 lower as weakness in the euro had a \$49 adverse effect. South American sales were down \$4 as \$7 of organic growth was negated by \$11 lost through the Gresen divestiture.

Revenue from lease financing increased \$32 or 29% in 2000 on a \$15 increase in direct finance lease income and increases of \$9 each in interest income and income from property rentals recognized by DCC.

Other income increased \$148 in 2000, primarily the result of a \$156 increase in gains on divestitures that was partially offset by a \$9 decrease in interest income exclusive of the DCC interest income which is included in lease financing revenue.

Gross margin in 2000 was 13.9%, well below the 16.7% reported in 1999. Results in all regions reflected lower gross margins, but the declines were most severe in North America and Asia Pacific. In North America, ASG and HTG were both affected by producing above optimum capacity in the first half of the year. In the second half, these units were impacted by erratic demand from their major customers and generally fell well below efficient production levels. AAG margins were impacted by softness in the automotive aftermarket. In Asia Pacific, ASG margins were affected by startup costs related to our new modular business in Australia. We incurred \$17 in 2000 in connection with discontinuing certain lines of business and \$57 in 1999 related to impairment and other rationalization adjustments and charged these amounts to cost of sales. Gross margins excluding these items would have been 14.1% in 2000 and 17.1% in 1999.

Selling, general and administrative expenses (SG&A) decreased \$60 in 2000, slightly exceeding the \$56 attributed to the net effect of divestitures and acquisitions. DCC increased its general and administrative expenses by \$9 with higher depreciation on leased assets and expenses related to a real estate investment being the largest components. SG&A as a percentage of sales was 9.2% in 2000 and 9.1% in 1999.

Interest expense rose \$44 or nearly 16% in 2000 as overall debt increased by almost 11%. Average short-term borrowings rose \$452 to \$1,614 and the average interest rate increased from 5.4% to 6.6%.

Our effective tax rate was 36.8% in 2000. We continue to benefit from tax credits generated by our leasing operations and from relatively low state and local tax rates.

Minority interest was unchanged in 2000. The minority interest in the gain recognized by Albarus S.A. on the sale of its interest in one of its affiliates was generally offset by the absence of the minority interest's participation in operating earnings.

We recorded \$54 of equity in the earnings of our affiliates in 2000. Increased earnings at our affiliate in Mexico and expansion of the portion of leasing revenue earned on DCC's equity investments more than offset the \$27 loss recorded in the fourth quarter at our 49%-owned affiliate in Venezuela.

Net income was \$334 in 2000 versus \$513 reported in 1999. Comparisons are made difficult by non-recurring items recorded in both years. In 1999 we recorded \$165 of non-recurring charges net of the gain recorded in the AAG on the sale of Sierra. In 2000, we recorded \$43 of non-recurring charges net of the gains recorded on several divestitures. Excluding these items, earnings would have been \$377 in 2000 and \$678 in 1999.

Non-recurring items in 2000 included net charges of \$47 in ASG, \$39 in AAG, \$33 in ESG and \$4 in FSG and net credits of \$27 in HTG and \$16 in OHSG; a net gain of \$37 was reflected in the Other category. In 1999, non-recurring charges were \$59 in ASG, \$41 in AAG, \$3 in HTG, \$31 in ESG, \$3 in FSG, \$1 in OHSG and \$27 in Other.

Market Trends

As 2000 came to a close, dealer inventory of light vehicles was approaching a three-month supply for some models despite severe production cutbacks by the major OEMs. SUV and light truck production exceeded car production throughout the year, but light truck inventories were reported growing at a faster rate near the end of the year. In early 2001, reductions in production schedules range from 17% to 27% at Ford, General Motors and DaimlerChrysler when compared to the first quarter of 2000, while a small number of Japanese manufacturers are reporting increases in their 2001 U.S. production levels thus far. Amid this uncertainty, we currently believe light vehicle volume for the year 2001 will be in the range of 15 to 16 million units, with the latter half of the year expected to be somewhat stronger than the first half. We expect the erratic demand and production schedules that marked the latter part of 2000 to continue through the first half of 2001 and then stabilize in the second half. The continuation of these challenging conditions makes the ongoing rationalization of assets and people critical to any significant improvement in our margins.

We see the North American heavy truck market maintaining the fourth quarter 2000 build rate during most of 2001. There are likely to be minor fluctuations in quarterly production, but we expect approximately 150,000 units for the year. We also expect the automotive aftermarket to remain soft in 2001. Key factors are higher fuel costs, which tend to reduce the portion of vehicle operating outlays expended on repairs and maintenance, and the general improvement in the quality and durability of automotive parts.

We are currently projecting over \$400 in sales for 2001 and more than \$4,800 in aggregate sales through 2005 related to net new business. We are encouraged by the new awards, especially since these sales amounts include business not only with our traditional North American OEM customers, but also with foreign-based OEMs.

Forward-Looking Information

Forward-looking statements in this report are indicated by words such as “anticipates,” “expects,” “believes,” “intends,” “plans,” “estimates,” “projects” and similar expressions. These statements represent our expectations based on current information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Our actual results could differ materially from those which are anticipated or projected due to a number of factors, including international economic conditions; the strength of the euro and other currencies relative to the U.S. dollar; the cyclical nature of the global vehicular industry; the performance of the global aftermarket sector; changes in business relationships with our major customers and other factors affecting the timing, size and continuation of our customer programs; the ability of our customers and suppliers to achieve their projected sales and production levels; competitive pressures on our sales and pricing; increases in production or material costs that cannot be recouped in product pricing; and the success of our recent short-term actions and our long-term transformation strategy for the company.

Results of Operations (1999 versus 1998)

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

	1998	1999	Change	
			Amount	Percent
North America	\$9,657	\$10,308	\$ 651	6.7
Europe	1,844	2,051	207	11.2
South America	779	549	(230)	(29.5)
Asia Pacific	184	251	67	36.4

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

Sales for 1998 and 1999 are presented in the table below. The amounts are presented consistent with the 2000 segment information.

	1998	1999	Change	
			Amount	Percent
ASG	\$4,180	\$4,461	\$ 281	6.7
AAG	2,888	3,039	151	5.2
HTG	1,746	1,904	158	9.0
ESG	978	1,318	340	34.8
FSG	1,193	1,238	45	3.8
OHSG	888	812	(76)	(8.6)
Other	591	387	(204)	(34.5)

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dollars in millions

The popularity of sport utility vehicles (SUVs) and light trucks continued to push ASG sales to higher levels. Axle sales experienced most of the growth in this SBU. Driveshaft sales were up slightly less than 3% and structural product sales were relatively flat. Sales growth was most significant in North America where sales increased \$354. Asia Pacific experienced a 74% increase and South America was down 36% for the year.

The December 1998 acquisition of AE Clevite, a distributor of camshafts, valves and engine components, helped the AAG grow its North American sales by \$131 in 1999. Our filtration operation in the United Kingdom, acquired early in 1999, helped Europe register a 7% increase over 1998. Sales were down 4% in South America and 2% in Asia Pacific.

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

The acquisition of Glacier Vandervell in December 1998 made the difference for the ESG in 1999. The manufacturer of engine bearings helped the ESG increase sales 22% in North America and 82% in Europe. Sales of the other engine and sealing products were generally flat for the year.

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

OHSG had a challenging year in 1999. Sales decreased 10% in North America and 6% in Europe as the depressed agricultural market limited demand for off-highway axles, powershift transmissions, hydraulic pumps and auxiliary equipment.

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

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

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

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

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

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

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

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

Net income for 1999 came in at \$513, slipping 4% from the \$534 we earned in 1998. Both years include several items that make it difficult to compare these results. In 1998 we recorded \$57 of non-recurring charges net of gains on divestitures and the

settlement of a patent infringement case. This year we recorded \$165 of non-recurring charges net of the gain on the sale of Sierra. With these items excluded from both years, our earnings would have increased \$87 or 15% to \$678.

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

Additional Information

in millions except per share amounts

Shareholders' Investment

The following table shows the range of market prices of our common stock on the New York Stock Exchange and the cash dividends declared and paid for each quarter during 1999 and 2000. At December 31, 2000, the closing price of Dana common stock was \$15.31.

Quarter Ended	Stock Price						Cash Dividends Declared and Paid	
	High	1999 Low	Close	High	2000 Low	Close	1999	2000
March 31	\$43.50	\$34.00	\$38.00	\$33.25	\$20.31	\$28.19	\$.31	\$.31
June 30	54.06	37.38	46.06	31.81	20.88	21.19	.31	.31
September 30	47.63	35.13	37.13	27.69	20.63	21.50	.31	.31
December 31	39.06	26.00	29.94	24.00	12.81	15.31	.31	.31

Unaudited Quarterly Financial Information

Quarter Ended	Net Sales		Gross Profit		Net Income (Loss)	Net Income (Loss) Per Share	
	Reported	Restated	Reported	Restated		Basic	Diluted
For the year ended							
December 31, 1999							
March 31	\$3,381		\$566		\$162	\$.97	\$.97
June 30	3,408		610		190	1.15	1.14
September 30	3,127		563		161	.98	.97
December 31	3,243		456		*	*	*
For the year ended							
December 31, 2000							
March 31	\$3,459	\$3,468	\$571	\$566	\$245	\$1.55	\$1.54
June 30	3,286	3,296	523	518	144	.95	.95
September 30	2,855	2,865	389	384	29	.19	.19
December 31	2,688		250		(84)	(.57)	(.57)

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

The sales and gross margin amounts for the first three quarters of 2000 have been restated to reflect the adoption of Emerging Issues Task Force Issue 00-10, Accounting for Shipping and Handling Fees and Costs, in the fourth quarter of 2000. The effect on sales and gross margin in 1999 was not material.

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

In the first quarter of 2000, we recognized approximately \$85 (53 cents per share) of non-recurring income representing gains on divestitures, net of \$12 of integration expenses. In the second quarter, we recorded \$10 (7 cents per share) of non-recurring integration charges incurred in connection with consolidating our Engine Controls warehouse operations. In the third quarter, we recorded a charge of \$32 (21 cents per share) related to the closing of our Reading, Pa., structures facility.

In the fourth quarter of 2000, we recorded \$86 million of non-recurring charges (58 cents per share), including restructuring expenses related to closing several facilities (\$34), integration expenses incurred primarily in the Engine Controls Division and in relocating operations of closed facilities (\$21), equity losses related to our 49%-owned affiliate in Venezuela (\$20) and costs associated with exiting several lines of business (\$11).

50 DANA CORPORATION

Eleven-Year History†

in millions except per share amounts

Financial Highlights For the Years	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Net Sales	\$6,553	\$6,084	\$6,655	\$7,404	\$8,843	\$10,472	\$10,979	\$11,911	\$12,464	\$13,159	\$12,317
Net Income (Loss)	123	55	(318)	174	352	443	451	320	534	513	334
Net Income (Loss) per Common Share											
Basic	.92	.41	(2.27)	1.18	2.29	2.81	2.83	1.97	3.24	3.10	2.20
Diluted	.91	.41	(2.26)	1.17	2.28	2.80	2.81	1.94	3.20	3.08	2.18
Cash Dividends per Common Share	.80	.80	.80	.80	.83	.90	.98	1.04	1.14	1.24	1.24
Total Assets	5,705	5,371	5,584	5,895	6,701	7,814	8,522	9,511	10,138	11,123	11,236
Long-Term Debt	1,505	1,684	1,608	1,341	1,381	1,325	1,887	1,790	1,718	2,732	2,649

† The information for years prior to 1998 has been restated to reflect the Echlin merger, which has been accounted for as a pooling of interests. Echlin amounts included for years prior to 1995 are for fiscal years ended August 31.

DANA CORPORATION
 CONSOLIDATED SUBSIDIARIES
 AS OF DECEMBER 31, 2000

Dana Corporation
 4500 Dorr Street
 Toledo, Ohio 43615

UNITED STATES

- - - - -

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

Midland Brake, Inc. (dormant)	Delaware
Mr. Gasket, Inc.	Delaware
Pacer Industries, Inc.	Missouri
PAH Mexico Inc. (holding co.)	Delaware
W.M. Holding Company, Inc. (holding co.)	Delaware
Preferred Technical Group International, Inc.	Delaware
Preferred Technical Group, Inc.	Delaware
Multitec-PTG, Inc.	Delaware
Ristance Corporation	Indiana
Tekonsha Engineering Company	Michigan
Theodore Bargman Company	Michigan
United Brake Systems Inc. (dormant)	Delaware
Engine Controls Distribution Services, Inc.	Delaware
Diamond Financial Holdings, Inc.	Delaware
Findlay Properties, Inc.	Ohio
Ottawa Properties, Inc.	Michigan
Shannon Properties, Inc.	Delaware
First Shannon Realty of North Carolina, Inc.	North Carolina
Summey Building Systems, Inc.	North Carolina
Dana Credit Corporation	Delaware
Farnborough Properties Partners I Limited	Delaware
Farnborough Properties Partners II Limited	Delaware
Farnborough Properties Partners III Limited	Delaware
Farnborough Properties Partners IV Limited	Delaware
DCC Project Finance Nine, Inc.	Delaware
Dana Commercial Credit Corporation	Delaware
Camotop Two Corporation	Delaware
Camotop Five Corporation	Delaware
CCD Air Ten, Inc.	Delaware
CCD Air Eleven, Inc.	Delaware
CCD Air Twelve, Inc.	Delaware
CCD Air Thirteen, Inc.	Delaware
CCD Air Fourteen, Inc.	Delaware
CCD Air Twenty, Inc.	Delaware
CCD Air Twenty-One, Inc.	Delaware
CCD Air Twenty-Two, Inc.	Delaware
CCD Air Twenty-Three, Inc.	Delaware
CCD Air Thirty, Inc.	Delaware
CCD Air Thirty-Two, Inc.	Delaware
CCD Air Thirty-Three, Inc.	Delaware
CCD Air Thirty-Four, Inc.	Delaware
CCD Air Thirty-Five, Inc.	Delaware
CCD Air Thirty-Six, Inc.	Delaware
CCD Air Thirty-Seven, Inc.	Delaware
CCD Air Thirty-Eight, Inc.	Delaware
CCD Air Thirty-Nine, Inc.	Delaware
CCD Air Forty, Inc.	Delaware
CCD Air Forty-One, Inc.	Delaware
CCD Air Forty-Two, Inc.	Delaware
CCD Air Forty-Four, Inc.	Delaware
CCD Air Forty-Six, Inc.	Delaware
CCD Air Forty-Eight, Inc.	Delaware
CCD Airway One, Inc.	Delaware
CCD Rail Two, Inc.	Delaware
CCD Rail Three, Inc.	Delaware
CCD Rail Five, Inc.	Delaware
Comprehensive Asset Services, Inc.	Delaware
Dana Business Credit Corporation	Delaware
Dana Commercial Finance Corporation	Delaware
Dana Fleet Leasing, Inc.	Delaware
DCC Company 102, Inc.	Delaware
DCC Franchise Services, Inc.	Delaware
DCC Project Finance One, Inc.	Delaware
DCC Project Finance Two, Inc.	Delaware

DCC Project Finance Three, Inc.	Delaware
DCC Linden, Inc.	Delaware
DCC Project Finance Four, Inc.	Delaware
DCC Project Finance Five, Inc.	Delaware
DCC Project Finance Six, Inc.	Delaware
DCC Project Finance Ten, Inc.	Delaware
DCC Project Finance Eleven, Inc.	Delaware
Washington 10 Gas Holdings, Inc.	Delaware
Washington 10 Storage Corporation	Delaware
DCC Project Finance Twelve, Inc.	Delaware
DCC Project Finance Thirteen, Inc.	Delaware
DCC Project Finance Fourteen, Inc.	Delaware
DCC Project Finance Eighteen, Inc.	Delaware
DCC Servicing, Inc.	Delaware
DCL Holding Company, Inc.	Delaware
Energy Credit Corporation	Delaware
Energy Services Credit Corporation	Delaware
FGHK, Ltd.	Wyoming
GSP I Corporation	Oregon
Isom & Associates	Delaware
Iron Rhino, Inc.	Delaware
Iron Rhino Construction Equipment, Inc.	Delaware
Iron Rhino Industrial Equipment, Inc.	Delaware
Iron Rhino Logistics, Inc.	Delaware
Iron Rhino Material Handling, Inc.	Delaware
JVPro One, Inc.	Delaware
Kodiak Energy, Inc.	Delaware
Leased Equipment, Inc.	Delaware
Lease Recovery, Inc.	Delaware
Midwest Housing Investments J.V., Inc.	Delaware
Potomac Leasing Company	Delaware
REBAC, Inc.	Delaware
REBNEC Three, Inc.	Delaware
REBNEC Five, Inc.	Delaware
REBNEC Nine, Inc.	Delaware
REBNEC Eleven, Inc.	Delaware
ReDade, Inc.	Delaware
Redison, Inc.	Delaware
REFIRST, Inc.	Delaware
REFREEZE, Inc.	Delaware
REHAT, Inc.	Delaware
RENAT, Inc.	Delaware
Reherc, Inc.	Delaware
RENOVO One, Inc.	Delaware
RENOVO Three, Inc.	Delaware
RENOVO Five, Inc.	Delaware
RENOVO Seven, Inc.	Delaware
RENOVO Nine, Inc.	Delaware
RENOVO Eleven, Inc.	Delaware
RENOVO Thirteen, Inc.	Delaware
RENOVO Fifteen, Inc.	Delaware
RENOVO Seventeen, Inc.	Delaware
ReSun, Inc.	Delaware
RETRAM, Inc.	Delaware
Seismiq, Inc.	Delaware
Shannon Health Care Realty, Inc.	Delaware
Shannon Property Management, Inc.	Delaware
RECONN, Inc.	Delaware
Shannon Michigan Properties, Inc.	Michigan
Shannon Supermarket Investors, Inc.	Delaware
Dana Lease Finance Corporation	Delaware
Camotop One Corporation	Delaware
CCD Air Four, Inc.	Delaware
CCD Air Five, Inc.	Delaware

CCD Air Seven, Inc.	Delaware
CCD Air Eight, Inc.	Delaware
CCD Air Nine, Inc.	Delaware
CCD Air Forty-Three, Inc.	Delaware
CCD Air Forty-Seven, Inc.	Delaware
CCD Air Forty-Nine, Inc.	Delaware
CCD Airway Two, Inc.	Delaware
CCD Rail One, Inc.	Delaware
CCD Rail Four, Inc.	Delaware
DCC Project Finance Seven, Inc.	Delaware
DCC Project Finance Eight, Inc.	Delaware
DCC Project Finance Fifteen, Inc.	Delaware
DCC Project Finance Sixteen, Inc.	Delaware
DCC Project Finance Nineteen, Inc.	Delaware
DCC Spacecom Two, Inc.	Delaware
DCC Vendorcom, Inc.	Delaware
DLF Company 101, Inc.	Delaware
JVQ Capital One, Inc.	Delaware
Provicar, Inc.	Delaware
REBNEC One, Inc.	Delaware
REBNEC Two, Inc.	Delaware
REBNEC Four, Inc.	Delaware
REBNEC Six, Inc.	Delaware
REBNEC Ten, Inc.	Delaware
REBNEC Twelve, Inc.	Delaware
Rebaker Two, Inc.	Delaware
Recap, Inc.	Delaware
Rehold, Inc.	Delaware
RENOVO Two, Inc.	Delaware
RENOVO Four, Inc.	Delaware
RENOVO Six, Inc.	Delaware
RENOVO Eight, Inc.	Delaware
RENOVO Twelve, Inc.	Delaware
RENOVO Fourteen, Inc.	Delaware
RERSEY, Inc.	Delaware
RESAMM, Inc.	Delaware
REVA, Inc.	Delaware
Letovon Rosehill One Pty Limited	Australia
Letovon Rosehill Two Pty Limited	Australia
Letovon St. Kilda One Pty Limited	Australia
Letovon St. Kilda Two Pty Limited	Australia
DCC Canada Inc.	Canada
Dana Capital S.A.	France
Dana Finance S.A.	France
DCC Leasing GmbH	Germany
Shannon Properties GmbH	Germany
Five Star Piccadilly Limited	Jersey
Northavon Investments Limited	Jersey
Letovon Packs Limited	Jersey
Letovon Tower Hill Limited	Jersey
Sibi Packs Limited	Jersey
Dana Commercial Credit (UK) Limited	United Kingdom
Dana Capital Limited	United Kingdom
DCC (June) Limited	United Kingdom
DCC (September) Limited	United Kingdom
Stieber Formsprag Limited	United Kingdom
Farnborough Properties Company	United Kingdom
Farnborough Airport Properties Company	United Kingdom
Farnborough Aerospace Centre Management Limited	United Kingdom
Letovon Hammersmith Co.	United Kingdom
Letovon Heathrow Co.	United Kingdom
Letovon Waterloo Co.	United Kingdom
Tecnologia de Mocion Controlada S.A. de C.V.	Mexico
Dana Heavy Axle Mexico S.A. de C.V. (f.k.a. Eaton Manufacturera)	Mexico

Grupo Echlin Automotrices S.A. de C.V.	Mexico
Balatas American Brakebloks, S.A. de C.V.	Mexico
Producciones Automotrices, S.A. de C.V.	Mexico
Echlin Comercial, S.A. de C.V.	Mexico
Frenos Lusac, S.A. de C.V.	Mexico
Lusac Comfhia de Mexico, S.A. de C.V.	Mexico
Itapsa, S.A. de C.V.	Mexico
FTE Mexicana, S.A. de C.V.	Mexico
Inversiones Echlin S.A. de C.V.	Mexico
Echlin Mexicana, S.A. de C.V.	Mexico
Long de Mexico, S.A. de C.V.	Mexico
Candados Universales de Mexico, S.A. de C.V.	Mexico
Echlin Industrias de Mexico, S.a. de C.V.	Mexico
Lipe Rollway Mexicana S.A. de C.V.	Mexico
PTG Mexico, S. de R.L. de C.V.	Mexico
PTG Servicios, S. de R.L. de C.V.	Mexico
Wrenford Insurance Company Limited	Bermuda
ROC Spicer Investment Co.	British Virgin Islands
Dana Canada, Inc.(fka Hayes-Dana Inc.)	Canada
3125025 Canada Inc.(federal company)	Canada
Echlin Canada Inc. (federal company)	Canada
Long Manufacturing Ltd.	Canada
Brake Parts Canada Inc.	Canada
Echlin Dominicana, S.A.	Dominican Republic
Dana Foreign Sales Corporation	U.S. Virgin Islands
Dana Australia (Holdings) Pty. Ltd.	Australia
Dana Australia Pty. Ltd.	Australia
Dana Structural Components Australia Pty. Ltd.	Australia
Dana Spicer Axle Australia Pty Ltd.	Australia
Dana Australia Trading Pty. Ltd.	Australia
Echlin Australia Pty. Ltd.(holding co.)	Australia
Kelray Australia Pty.Ltd.	Australia
P.J. Warneford Components	Australia
Turtle Wax Australasia Pty. Ltd.	Australia
Warneford & Oldfield Pty. Limited	Australia
Fujian Spicer Drivetrain Systems Co., Ltd.	China
Dana Hong Kong Limited	Hong Kong
Kentning Industries Limited (Never Active)	Hong Kong
Echlin China Limited (Hong Kong)	Hong Kong
P.T. Spicer Indonesia (Never Active)	Indonesia
PT Spicer Axle Indonesia	Indonesia
Dana Japan, Ltd.	Japan
Dana Korea Co. Ltd.	Korea
Dana Asia Pacific (Malaysia) Sdn. Bhd.	Malaysia
Spicer Philippines Manufacturing Co. (inactive)	Philippines
Dana Asia (Singapore) Pte. Ltd.	Singapore
R.O.C. Spicer Ltd.	Taiwan
Timing Investments Limited	Taiwan
Taiyin Enterprise Ltd.	Taiwan
Dana Asia (Taiwan) APD Co., Ltd.	Taiwan
Echlin Taiwan Ltd.	Taiwan
Dantean Company, Limited. (f.k.a. Spicer Thailand)	Thailand
Parish Structural Products (Thailand) Limited	Thailand
Dana Spicer (Thailand) Limited (fka Spicer Asia (Thailand)	Thailand
Dana Austria GmbH	Austria
Glacier Gleitlager Handelsgesellschaft mbH	Austria
Warner Electric SA (Dormant)	Belgium
Dana Belgium N.V.	Belgium
Spicer Off-Highway Belgium N.V.	Belgium
Glacier Belgium	Belgium
Quinton Hazell Belgium SA	Belgium
Dana Holdings UK Limited	United Kingdom
Echlin (Southern) Holdings Ltd. (Jersey)	United Kingdom
Dana Holdings Limited	United Kingdom

Dana Spicer Europe Ltd.	United Kingdom
Dana Bedford 4 Limited (Dormant)	United Kingdom
Dana Limited (Dormant)	United Kingdom
Dana Bedford 3 Limited (Dormant)	United Kingdom
Dana Bedford 5 Limited (Dormant)	United Kingdom
Dana Bedford 2 Limited (Dormant)	United Kingdom
Dana Bedford 1 Limited (Dormant)	United Kingdom
Superior Electric Engineering Services, Ltd.	United Kingdom
Dana Spicer Limited	United Kingdom
Echlin Europe Ltd. UK	United Kingdom
Quinton Hazell Plc.	United Kingdom
Motaproducts Automotive Limited (Dormant)	United Kingdom
Supra Group Limited (Dormant)	United Kingdom
Commercial Ignition Limited (Dormant)	United Kingdom
TJ Filters Limited (Dormant)	United Kingdom
Quinton Hazell Automotive Limited	United Kingdom
Quinton Hazell (Far East) Limited	United Kingdom
Whitely Rishworth Exports Ltd. (Dormant)	United Kingdom
Preferred Technical Group-CHA Limited	United Kingdom
Hobourn Automotive Limited	United Kingdom
SU Automotive Limited	United Kingdom
SU Pension Trustee Limited	United Kingdom
Hobourn Group Pension Trust Company Limited	United Kingdom
Dana Automotive Limited	United Kingdom
Automotive Motion Technology Limited	United Kingdom
Echlin Automotive Systems Limited	United Kingdom
Lipe Limited	United Kingdom
Driveline Specialist Limited	United Kingdom
Drinclog Limited (Dormant)	United Kingdom
Dana SAS	France
Perfect Circle Europe (fka Floquet Monopole S.A.)	France
Societe de Reconditionnement Industriel de Moteurs S.A. (S.R.I.M.)	France
Spicer France SarL	France
Sealed Power Europe S.A.	France
Glacier Vandervell SAS	France
Nobel Plastiques S.A.	France
Nobel Plastiques Climatisation S.A.	France
Quinton Hazell SarL	France
IP Marti SNC	France
Autoclavite S.A.	France
Clark-Hurth Components S.A.R.L.	France
Dana Investment GmbH	Germany
Dana Automotive Systems GmbH	Germany
Dana GmbH	Germany
Dana Holdings GmbH	Germany
Reinz Dichtungs GmbH	Germany
M. Friesen GmbH	Germany
Spicer Gelenkwellenbau Verwaltungs GmbH	Germany
Thermoplast+Apparatebau GmbH	Germany
Spicer Gelenkwellenbau GmbH & CO KG (fka GWB)	Germany
Dana (Deutschland) Grundstücksverwaltung GmbH	Germany
Sealed Power Europe GmbH	Germany
Echlin (Deutschland) Holding GmbH	Germany
FTE Automotive GmbH	Germany
Move Brems-Und Kupplungsschlauch	Germany
FTE Automotive Systems GmbH	Germany
Echlin Grundstücksverwaltung (Deutschland) GmbH	Germany
Quinton Hazell Deutschland GmbH	Germany
Spicer India Limited	India
Dana India Limited	India
Dana Finance (Ireland) Limited	Ireland
Dana Automotive (Ireland) Limited	Ireland
Moprod (Ireland) Limited	Ireland
Quinton Hazell Limited	Ireland

Dana Italia, SpA	Italy
Spicer Italciano SpA	Italy
Quinton Hazell Italia SpA	Italy
D.E.H. Holdings SARL	Luxembourg
Dana Europe Holdings B.V.	Netherlands
Spicer Netherland B.V. (Dormant)	Netherlands
Leguana Participations B.V. (Holding Co.)	Netherlands
Superior Electric Nederland B.V. (shell)	Netherlands
Glacier Bearings Benelux B.V.	Netherlands
Glacier Netherland B.V.	Netherlands
Echlin (Investments) Netherlands B.V.	Netherlands
Echlin (Properties) Netherlands BV	Netherlands
Quinton Hazell Nederland B.V.	Netherlands
Wix Filtron Sp. zo.o.	Poland
Quinton Hazell Polska Sp. zo.o.	Poland
Dana Equipamientos SA (f.k.a. Spicer Espana S.A.)	Spain
Sealed Power Europe S.L.	Spain
Industrias Seloc Reinz S.A. (closed)	Spain
Industrias Serva S.A.	Spain
Glaser Serva S.A.	Spain
Quinton Hazel Espana S.A.	Spain
Nobel Plastiques Iberica S.A.	Spain
Dana Sweden AB	Sweden
Dana Tollo AB	Sweden
Spicer Nordiska Kardan AB	Sweden
Quinton Hazell Svenska AB	Sweden
Dana Europe S.A.	Switzerland
Glacier Industrial Bearings Zug AG (fka T&N)	Switzerland
Glacier Tristar SA	Switzerland
Glacier Tribometal Slovakia a.s.	Slovakia
Dana South Africa (Proprietary) Limited (fka Echlin Charger Mfg. Co. (Pty.) Ltd.)	South Africa
MAG Brakes (Prop.) Limited	South Africa
Electron Seventeen (Prop.) Limited	South Africa
Insom Investments (Prop.) Limited	South Africa
J&H Marcus Manufacturing Company (Prop.) Ltd.	South Africa
Miclaric Investments (Prop.) Limited	South Africa
South African Engineering Company (Prop.) Limited	South Africa
South African Engineering Company (Natal) (Prop.) Limited	South Africa
Gearmax (Pty) Ltd.	South Africa
Dana Holdings SRL	Argentina
Dana Argentina S.A.	Argentina
Dana San Juan S.A. (f.k.a. AROS Daneri, S.A.)	Argentina
Dana San Luis S.A. (f.k.a. Trasa San Luis)	Argentina
Transmisiones Homocineticas Argentina S.A. (THA)	Argentina
Farlock S.A.	Argentina
Cerro de los Medanos S.A.	Argentina
Spicer Ejes Pesatos S.A.	Argentina
Nakata Autoparts S.A.	Argentina
Echlin Argentina S.A. (a/k/a Plasbestos)	Argentina
Fanacif Products Argentina S.A.	Argentina
Dana Equipamentos Ltda.	Brazil
Dana-Albarus, S.A. Industrial E Comercio	Brazil
Cardhom Commercial Ltda.	Brazil
Pellegrino Autopecas Industrial e Comercio Ltda.	Brazil
CIDAP-Industrial e Distribuidora de Aurtopecas Ltda. (Dormant)	Brazil
Albarus S.A. Comercial e Exportadora	Brazil
Cirane Industria e Comercio Ltda.	Brazil
Previalbarus Societe de Providencia	Brazil
Dana Industrial S.A.	Brazil
Metalurgica Brasitalia Ltda.	Brazil
Suzuki Comercial Ltda.	Brazil
Dana Bahia Ltda.	Brazil
Warner Electric do Brasil Ltda.	Brazil
Dana do Brasil Ltda.	Brazil

Dana Industrias Ltda.
 SM-Sistemas Modulares Ltda.
 Glacier do Brasil Limitada
 Glacier Daido do Brasil Limitada
 Echlin Do Brasil S.A.
 Industria De Ejes Y Transmisiones S.A. (Transejes)
 Transejes C.D. Ltda.
 Transcar Ltda.
 Transmotor Ltda.
 Echlin de Colombia Ltda.
 Echlin Del Peru S.R. Ltda.
 UBALI S.A.
 Talesol S.A.
 Echlin Uruguay
 Fanacif S.A.
 Arvis S.R.L.
 Inversora Sabana, S.A.
 Echlin de Venezuela C.A.
 Finaciera Platwel S.A.

Brazil
 Brazil
 Brazil
 Brazil
 Brazil
 Colombia
 Colombia
 Colombia
 Colombia
 Colombia
 Peru
 Uruguay
 Uruguay
 Uruguay
 Uruguay
 Uruguay
 Venezuela
 Venezuela
 Venezuela

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-67307, 333-42239, 333-23733, 333-22935, 333-00539 and 033-58121) and in the Registration Statements on Form S-8 (Nos. 333-84417, 333-69449, 333-52773, 333-50919, 033-64198 and 333-37435) of Dana Corporation of our report dated February 2, 2001 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 2, 2001 relating to the financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

Toledo, OH
March 1, 2001

POWER OF ATTORNEY

The undersigned directors and/or officers of Dana Corporation hereby constitute and appoint Joseph M. Magliochetti, Robert C. Richter, Charles W. Hinde, Michael L. DeBacker and M. Jean Hardman, and each of them, severally, their true and lawful attorneys-in-fact with full power for and on their behalf to execute the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, including any and all amendments thereto, in their names, places and stead in their capacity as directors and/or officers of the Corporation, and to file the same with the Securities and Exchange Commission on behalf of the Corporation under the Securities and Exchange Act of 1934, as amended.

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

In witness whereof, the undersigned have executed this instrument
December 11, 2000.

/s/ B. F. Bailar

B. F. Bailar

/s/ F. M. Senderos

F. M. Senderos

/s/ A. C. Baillie

A. C. Baillie

/s/ R. B. Priory

R. B. Priory

/s/ E. M. Carpenter

E. M. Carpenter

/s/ R. C. Richter

R. C. Richter

/s/ E. Clark

E. Clark

/s/ C. W. Hinde

C. W. Hinde

/s/ G. H. Hiner

G. H. Hiner

/s/ M. L. DeBacker

M. L. DeBacker

/s/ J. M. Magliochetti

J. M. Magliochetti

/s/ M. J. Hardman

M. J. Hardman

/s/ M. R. Marks

M. R. Marks

