

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 17, 2006

Dana Corporation

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-1063
(Commission File Number)

34-4361040
(IRS Employer
Identification Number)

4500 Dorr Street, Toledo, Ohio
(Address of principal executive offices)

43615
(Zip Code)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On January 17, 2006, Dana Corporation (Dana) issued a news release regarding its financial results for the three- and nine-month periods ended September 30, 2005. The text of that release is set out in the attached Exhibit 99.1.

The news release contains information about Dana's earnings presented on an EBIT basis (earnings before interest and taxes). EBIT is not a financial measure accepted under accounting principles generally accepted in the United States (GAAP). The release also includes tables showing (i) Dana Corporation (Including Dana Credit Corporation on an Equity Basis), Condensed Statements of Income (Unaudited) for the Three and Nine Months Ended September 30, 2005 and September 30, 2004 (Restated); (ii) Dana Corporation (Including Dana Credit Corporation on an Equity Basis), Condensed Balance Sheets (Unaudited) as of September 30, 2005 and December 31, 2004 (Restated); and (iii) Dana Corporation (Including Dana Credit Corporation on an Equity Basis), Condensed Statement of Cash Flows (Unaudited) for the Three and Nine Months Ended September 30, 2005 and 2004 (Restated). As GAAP requires that Dana Credit Corporation (DCC) be included in Dana's results on a consolidated basis, these tables contain non-GAAP financial measures.

For the non-GAAP EBIT information and the tables showing DCC on an equity basis, the release includes (i) a presentation of the most directly comparable financial measures calculated and presented in accordance with GAAP and (ii) a quantitative reconciliation of the differences between the non-GAAP financial measures disclosed and the most directly comparable GAAP financial measures.

Management believes that the presentation of the EBIT financial measures provides useful information to investors due to the impact of the unusual items on the company's three- and nine-month results in 2005. Management also believes that the presentation of the results with DCC accounted for on an equity basis provides useful information to investors regarding Dana's financial condition and results of operations because management evaluates Dana's operating segments as if DCC were accounted for on this basis. This is done because DCC is not homogenous with Dana's manufacturing operations, its financing activities do not support the sales of the other operating segments, and its financial and performance measures are inconsistent with those of the other operating segments. Moreover, the financial covenants contained in Dana's bank facility are measured with DCC accounted for on an equity basis.

Item 7.01. Regulation FD Disclosure.

During a conference call scheduled to be held at 10:00 a.m. EST on January 17, 2006, Dana's Chairman and Chief Executive Officer, Michael J. Burns, and Chief Financial Officer, Robert C. Richter, will discuss Dana's third-quarter and nine-month 2005 results and matters related to the company's restated financial statements. Copies of the slides for this presentation are set out in the attached Exhibit 99.2.

Certain of the slides in Exhibit 99.2 include financial measures which are not presented in accordance with GAAP. These include (i) slide 4 (which presents income and earnings per share from continuing operations, excluding unusual items) and (ii) slides 8,10, 11,12 and 14, (which include DCC on an equity basis). Slides 34 and 35 of the presentation, Item 2.02, above, and Dana's news release in the attached Exhibit 99.1 also contain information about the reconciliation of some of these non-GAAP financial measures to comparable GAAP financial measures and an explanation of why management believes the non-GAAP financial measures provide useful information to investors.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 Press release dated January 17, 2006 (furnished but not filed)

99.2 Slides for January 17, 2006 conference call (furnished but not filed)

Signatures

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

Dana Corporation
(Registrant)

Date: January 17, 2006

By: /s/ Robert C. Richter
Robert C. Richter
Chief Financial Officer

Exhibit Index

- 99.1 Text of Dana Corporation News Release dated January 17, 2006
- 99.2 Slide presentation for January 17, 2006 conference call

News Release

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Dana Corporation Reports Third-Quarter 2005 Results

TOLEDO, Ohio — January 17, 2006 — Dana Corporation (NYSE: DCN) today reported financial results for both the quarter and nine months ended Sept. 30, 2005, and announced that it will file its Form 10-Q for the third quarter of 2005 later today. The filing and delivery of this report will eliminate any defaults related to late filing of the third-quarter financial statements under the company's financing agreements.

Sales for the third quarter of 2005 were \$2,396 million, compared to \$2,114 million during the same period in 2004. The company recorded a net loss of \$1,272 million, or \$8.50 per share, for the quarter, compared to net income of \$42 million, or 28 cents per share in the third quarter of 2004. Results for the quarter and nine months ended Sept. 30, 2004 have been restated, as previously disclosed in the 2004 Form 10-K/A filed on Dec. 30, 2005.

The third-quarter 2005 net loss included two significant unusual items that were previously announced. These two non-cash items account for 94 percent of the reported net loss:

- ¾ The company provided a valuation allowance, as announced on Oct. 10, 2005, against its net U.S. deferred tax assets during the third quarter. The one-time impact of providing this allowance was a reduction in net income of \$918 million in the period, which represents the restated net U.S. deferred tax assets at the beginning of the third quarter and also includes \$13 million for a similar allowance against the company's U.K. tax assets. The valuation allowance was recorded because, based on its current outlook, Dana believes it is no longer more likely than not that the company will be able to utilize these tax assets. This action does not affect the company's ability to use these tax assets later if justified by future profitability in the U.S. and U.K.
- ¾ Additionally, on Oct. 20, 2005, the company announced its intention to divest its non-core engine hard parts, fluid products, and pump products businesses. An impairment charge to reduce the book value of certain assets of these businesses of \$275 million after tax was recorded in the third quarter. Additional charges will be recorded in the fourth quarter of 2005 in connection with the classification of these businesses as discontinued operations.

In the third quarter of 2005, the company also recorded an aggregate charge of approximately \$16 million, or 11 cents per share, related to the sale of its domestic fuel rail business and the dissolution of its engine bearings joint venture with The Daido Metal Company.

The balance of the third-quarter 2005 loss — totaling \$63 million — was from operations. The comparable number for the third quarter of 2004 was \$39 million after adjusting for unusual charges and results of discontinued operations.

The comparison of quarterly operating income year-on-year was impacted significantly by taxes. The third-quarter 2004 results included a significant tax benefit. By contrast, third-quarter 2005 results reflect tax expense on income of foreign operations, despite the fact that there was a consolidated loss before tax. This is due to the fact that the company no longer provides deferred tax benefits against U.S. losses.

Interest expense was \$11 million lower in the third quarter of 2005 than in the comparable period in 2004 due to lower average debt levels.

As disclosed in the company's segment information, on an EBIT basis the Heavy Vehicle Technologies and Systems Group earned \$16 million in the third quarter of 2005, compared to \$41 million during the same period in 2004. The principal reasons for this decline were substantially higher steel costs and production inefficiencies within the Commercial Vehicle business. Additionally, the Off-Highway business experienced higher costs associated with the ongoing realignment of its manufacturing facilities.

On an EBIT basis, the Automotive Systems Group's earnings declined to \$41 million in the third quarter of 2005 from \$65 million during the same period last year. In addition to the adverse effects of higher material costs and continuing pricing pressures, results in this business unit were also negatively impacted by start-up losses at a new manufacturing facility in its actuation systems joint venture.

Nine-Month Results

Sales for the nine months ended Sept. 30, 2005 were \$7,505 million which compares to \$6,755 million for the same period in 2004. For the first nine months of 2005, the company reported a net loss of \$1,226 million compared to net income of \$200 million for the same period in 2004. The primary reasons for the difference in the year-on-year change in net income were the unusual items that occurred in the third quarter.

On an EBIT basis the Heavy Vehicle Technologies and Systems Group earned \$81 million in the first nine months of 2005, compared to \$125 million during the same period in 2004. The Automotive Systems Group earnings declined to \$179 million in the first nine months of 2005 from \$270 million during the same period last year. Material costs were chiefly responsible for the lower income in both business units.

“Obviously, our results are far from acceptable, particularly the operating loss,” said Dana Chairman and CEO Mike Burns. “Many of the challenges we are facing on the automotive side, including higher material costs and lower production levels, are industry-wide issues. However, the reduced income in our Heavy Vehicle unit reflects not only material cost increases, but also internal operating inefficiencies, which we are moving aggressively to address.

“Specifically, within our Commercial Vehicle business, we have announced a series of actions to reposition our operations and balance capacity to enhance our efficiency,” Mr. Burns added. “I am also confident in the capabilities of our newly appointed Heavy Vehicle Products President, Nick Stanage. Nick's outstanding combination of leadership ability and technical knowledge promises to serve this business and our customers well as we move forward.”

Mr. Burns said Dana is continuing to improve focus and increase performance in all of its businesses, as evidenced by recent announcements regarding strategic divestitures, consolidation of facilities, and workforce reductions. "At the same time, we can't just work the cost side," he said. "We must also continue to grow our revenue base. And to this end, we continue to add to our backlog of profitable new business."

Conference Call Scheduled Today at 10 a.m.

Dana will discuss its third-quarter 2005 and nine-month results, as well as matters related to the company's restated financial statements, during a conference call and supporting webcast at 10 a.m. (ET) today. The call may be accessed via Dana's web site (www.dana.com), or by dialing (877) 340-DANA (3262) in the U.S. and Canada, or (706) 758-9313 elsewhere. Callers must reference Conference I.D. #4076436. An audio recording of this conference call will be available after 2 p.m. (ET) today. To access this recording, please dial (800) 642-1687 in the U.S. and Canada, or (706) 645-9291 elsewhere, and enter the Conference I.D. number referenced above. A webcast replay of the call will also be available after 4 p.m. today and will be accessible via the Dana web site. Individuals may also print the supporting slide presentation available in PDF format by visiting the investor page at: www.dana.com.

About Dana Corporation

Dana people design and manufacture products for every major vehicle producer in the world. Dana is focused on being an essential partner to automotive, commercial, and off-highway vehicle customers, which collectively produce more than 60 million vehicles annually. A leading supplier of axle, driveshaft, engine, frame, chassis, and transmission technologies, Dana employs 46,000 people in 28 countries. Based in Toledo, Ohio, the company reported sales of \$9 billion in 2004. Dana's Internet address is: www.dana.com.

Use of Non-GAAP Financial Information

This release contains information about Dana's financial results which is not presented in accordance with accounting principles generally accepted in the United States (GAAP). Specifically, the release contains information about Dana's financial results presented on an EBIT basis and includes tables that show the company's results with Dana Credit Corporation (DCC) accounted for on an equity basis, rather than on a consolidated basis. Management believes that the presentation of the EBIT financial measures provides useful information to investors due to the impact of the unusual tax items on the company's three- and nine-month results in 2005. Management also believes that the presentation of results with DCC on an equity basis is useful because that is how management evaluates Dana's operating segments. This is done because DCC is not homogenous with Dana's manufacturing operations, its financing activities do not support the sales of the other operating segments, and its financial and performance measures are inconsistent with those of the other operating segments. Moreover, the financial covenants in Dana's bank facility are measured with DCC accounted for on an equity basis. For the non-GAAP measures presented in this release, there is supplementary information at the end showing the most directly comparable financial measures calculated and presented in accordance with GAAP and a quantitative reconciliation of the differences between the non-GAAP financial measures and the most directly comparable GAAP financial measures.

Forward-Looking Statements

Statements in this release which are not entirely historical constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements represent Dana’s expectations based on our current information and assumptions. However, forward-looking statements are inherently subject to risks and uncertainties and Dana’s actual results could differ materially from those that are anticipated or projected due to a number of factors. These factors include the cyclical nature of the vehicular markets we serve, particularly the heavy-duty commercial vehicle market; changes in the competitive environment in our markets due, in part, to outsourcing and consolidation by our customers; changes in national and international economic conditions that affect our markets, such as increased fuel prices and legislation regulating vehicle emissions; potential adverse effects on our operations and business from terrorism or hostilities; the strength of other currencies in the overseas countries in which we do business relative to the U.S. dollar; increases in our commodity costs (including steel, other raw materials, and energy) that we cannot recoup in our product pricing; our success in implementing our cost-savings, lean manufacturing and VA/VE (value added/value engineering) programs; changes in business relationships with our major customers and in the timing, size and continuation of their programs; the ability of our customers to maintain their market positions and achieve their projected sales and production levels; the ability of our suppliers to maintain their projected production levels and furnish critical components for our products, as well as other necessary goods and services; competitive pressures on our sales from other vehicle component suppliers; price reduction pressures from our customers; our ability to negotiate new or modified financing agreements prior to the expiration of the waivers under our existing agreements; our ability to complete our previously announced strategic actions as contemplated (including the divestiture of our non-core engine hard parts, fluid products and pump products businesses; the operational restructuring in our Automotive Systems Group and our Commercial Vehicle business; the dissolution of our Mexican joint venture, Spicer S.A. de C.V.; and the finalization of our Chinese joint venture, Dongfeng Axle Co., Ltd.); and other factors set out in our public filings with the Securities and Exchange Commission. Forward-looking statements in this release speak only as of the date of the release. Dana does not undertake to update such forward-looking statements.

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Dana Corporation
Financial Summary (Unaudited)
(in millions, except per share amounts)

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2005	2004 Restated	2005	2004 Restated
Sales	\$ 2,396	\$ 2,114	\$ 7,505	\$ 6,755
Income (loss) from continuing operations	\$ (1,274)	\$ 54	\$ (1,232)	\$ 165
Income (loss) from discontinued operations	—	(12)	—	35
Effect of change in accounting	2	—	6	-
Net income (loss)	\$ (1,272)	\$ 42	\$ (1,226)	\$ 200
Income (loss) from continuing operations	\$ (1,274)	\$ 54	\$ (1,232)	\$ 165
Impairment and restructuring charges	275	5	275	5
Losses on divestitures	16	—	16	-
Valuation allowance against deferred tax assets	920	—	920	—
Gain associated with the sale of assets to a newly formed joint venture	—	(13)	—	(13)
Net gains associated with DCC asset sales	—	(7)	(4)	(25)
Charge related to Ohio tax legislation	—	—	5	-
Income (loss) from continuing operations, excluding unusual items	\$ (63)	\$ 39	\$ (20)	\$ 132
Income (loss) from discontinued operations	\$ —	\$ (12)	\$ —	\$ 35
Adjustment of deferred tax allowance related to aftermarket sale	—	20	—	-
Costs related to sale of aftermarket businesses	—	10	—	13
Income from discontinued operations, excluding unusual items	\$ —	\$ 18	\$ —	\$ 48
Diluted earnings (loss) per share:				
Income (loss) from continuing operations	\$ (8.51)	\$ 0.36	\$ (8.24)	\$ 1.10
Effect of change in accounting	0.01	—	0.04	-
Income(loss) from discontinued operations	—	(0.08)	—	0.23
Net income	\$ (8.50)	\$ 0.28	\$ (8.20)	\$ 1.33
Income (loss) from continuing operations, excluding unusual items	\$ (0.42)	\$ 0.26	\$ (0.13)	\$ 0.87
Income (loss) from discontinued operations, excluding unusual items	—	0.12	—	0.32
Net income, excluding unusual items	(0.42)	0.38	(0.13)	1.19
Effect of change in accounting	0.01	—	0.04	-
Income (loss) from Unusual items	(8.09)	(0.10)	(8.11)	0.14
Net income (loss)	\$ (8.50)	\$ 0.28	\$ (8.20)	\$ 1.33

Dana Corporation
Reconciliation of Earnings before interest
and taxes (EBIT) for the Segments to
Income before income taxes

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004 Restated	2005	2004 Restated
Segment income (loss)				
ASG	\$ 41	\$ 65	\$ 179	\$ 270
HVTSG	16	41	81	125
	57	106	260	395
Other	(75)	(65)	(201)	(174)
Segment income (loss) from continuing operations	\$ (18)	\$ 41	\$ 59	\$ 221
Unusual items excluded from performance measures				
Total operations	(306)	(6)	(297)	(15)
Discontinued operations		16		20
Interest expense, excluding DCC	(34)	(42)	(102)	(120)
Interest income, excluding DCC	8	1	24	7
DCC pre-tax loss	(1)	(42)	(12)	(49)
Income (loss) before income taxes	\$ (351)	\$ (32)	\$ (328)	\$ 64

Dana Corporation
Condensed Statement of Income (Unaudited)
(in millions, except per share amounts)

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2005	2004 Restated	2005	2004 Restated
Net sales	\$ 2,396	\$ 2,114	\$ 7,505	\$ 6,755
Revenue from lease financing and other income	11	(8)	67	27
	<u>2,407</u>	<u>2,106</u>	<u>7,572</u>	<u>6,782</u>
Costs and expenses				
Cost of sales	2,290	1,964	7,072	6,186
Selling, general and administrative expenses	136	121	413	375
Impairment charges	290		290	—
Interest expense	42	53	125	157
	<u>2,758</u>	<u>2,138</u>	<u>7,900</u>	<u>6,718</u>
Income (loss) before income taxes	(351)	(32)	(328)	64
Income tax benefit (expense)	(929)	83	(925)	85
Minority interest	1	(3)	(5)	(9)
Equity in earnings of affiliates	5	6	26	25
Income (loss) from continuing operations	(1,274)	54	(1,232)	165
Effect of change in accounting	2	—	6	—
Income (loss) from discontinued operations		(12)	—	35
Net income (loss)	<u>\$ (1,272)</u>	<u>\$ 42</u>	<u>\$ (1,226)</u>	<u>\$ 200</u>
Basic earnings per share				
Income (loss) from continuing operations	\$ (8.51)	\$ 0.36	\$ (8.24)	\$ 1.11
Effect of change in accounting	0.01	—	0.04	—
Income (loss) from discontinued operations	—	(0.08)	—	0.23
Net income (loss)	<u>\$ (8.50)</u>	<u>\$ 0.28</u>	<u>\$ (8.20)</u>	<u>\$ 1.34</u>
Diluted earnings per share				
Income (loss) from continuing operations	\$ (8.51)	\$ 0.36	\$ (8.24)	\$ 1.10
Effect of change in accounting	0.01	—	0.04	—
Income (loss) from discontinued operations	—	(0.08)	—	0.23
Net income (loss)	<u>\$ (8.50)</u>	<u>\$ 0.28</u>	<u>\$ (8.20)</u>	<u>\$ 1.33</u>
Average shares outstanding —				
For Basic EPS	150	149	150	149
For Diluted EPS	151	151	151	151

Dana Corporation
Condensed Balance Sheet (Unaudited)
(in millions)

	September 30 2005	December 31 2004 Restated
Assets		
Current assets		
Cash and cash equivalents	\$ 730	\$ 634
Accounts receivable		
Trade	1,454	1,254
Other	274	437
Inventories	878	898
Other current assets	146	200
Total current assets	3,482	3,423
Investment in leases	256	281
Investments and other assets	2,397	3,144
Property, plant and equipment, net	1,742	2,171
Total assets	\$ 7,877	\$ 9,019
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable	\$ 2,304	\$ 155
Accounts payable	1,322	1,330
Other current liabilities	1,082	1,188
Total current liabilities	4,708	2,673
Long-term debt	280	2,054
Deferred employee benefits and other noncurrent liabilities	1,747	1,759
Minority interest	85	122
Shareholders' equity	1,057	2,411
Total liabilities and shareholders' equity	\$ 7,877	\$ 9,019

Dana Corporation
Condensed Statement of Cash Flows (Unaudited)
(in millions)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2005	2004 Restated	2005	2004 Restated
Net income (loss)	\$ (1,272)	\$ 42	\$ (1,226)	\$ 200
Depreciation and amortization	64	90	227	273
Impairments	290	24	290	24
(Gain) loss on asset sales	19	(32)	14	(57)
Effect of change in accounting	(2)		(6)	
Working capital decrease (increase)	22	(249)	(193)	(378)
Deferred taxes	763	(31)	728	(72)
Other	(35)	46	(134)	(47)
Net cash flows — operating activities	<u>(151)</u>	<u>(110)</u>	<u>(300)</u>	<u>(57)</u>
Purchases of property, plant and equipment	(69)	(66)	(193)	(214)
Payments received from leases and partnerships	32	2	70	10
Proceeds from divestitures and asset sales	39	166	176	318
Other	38	10	27	(22)
Net cash flows — investing activities	<u>40</u>	<u>112</u>	<u>80</u>	<u>92</u>
Net change in short-term debt	181	28	406	181
Payments on long-term debt	—	(101)	(45)	(405)
Proceeds from long-term debt	21	—	21	5
Dividends paid	(18)	(17)	(54)	(53)
Other	(9)	3	(12)	16
Net cash flows — financing activities	<u>175</u>	<u>(87)</u>	<u>316</u>	<u>(256)</u>
Net change in cash and cash equivalents	64	(85)	96	(221)
Net change in cash — discontinued operations	—	—	—	2
Cash and cash equivalents — beginning of period	666	597	634	731
Cash and cash equivalents — end of period	<u>\$ 730</u>	<u>\$ 512</u>	<u>\$ 730</u>	<u>\$ 512</u>

Dana Corporation
(Including Dana Credit Corporation on an Equity Basis)
Condensed Statement of Income (Unaudited)
(in millions)

	Three Months Ended Sept.30		Nine Months Ended Sept. 30	
	2005	2004 Restated	2005	2004 Restated
Net sales	\$ 2,396	\$ 2,114	\$ 7,505	\$ 6,755
Other income (expense)	(1)	23	41	37
	<u>2,395</u>	<u>2,137</u>	<u>7,546</u>	<u>6,792</u>
Costs and expenses				
Cost of sales	2,293	1,970	7,083	6,205
Selling, general and administrative expenses	128	115	387	353
Impairment charges	290		290	
Interest expense	34	42	102	120
	<u>2,745</u>	<u>2,127</u>	<u>7,862</u>	<u>6,678</u>
Income (loss) before income taxes	(350)	10	(316)	114
Income tax benefit (expense)	(932)	29	(946)	(7)
Minority interest	1	(3)	(5)	(9)
Equity in earnings of affiliates	7	18	35	67
Income (loss) from continuing operations	(1,274)	54	(1,232)	165
Change in accounting	2		6	
Income (loss) from discontinued operations		(12)		35
Net income (loss)	<u>\$ (1,272)</u>	<u>\$ 42</u>	<u>\$ (1,226)</u>	<u>\$ 200</u>

Dana Corporation
(Including Dana Credit Corporation on an Equity Basis)
Condensed Balance Sheet (Unaudited)
(in millions)

	September 30 2005	December 31 2004 Restated
Assets		
Current assets		
Cash and cash equivalents	\$ 707	\$ 619
Accounts receivable		
Trade	1,454	1,253
Other	277	438
Inventories	878	898
Other current assets	123	170
Total current assets	3,439	3,378
Investment in leases		
Investments and other assets	2,650	3,338
Property, plant and equipment, net	1,690	2,033
Total assets	\$ 7,779	\$ 8,749
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable	\$ 2,157	\$ 289
Accounts payable	1,322	1,330
Other current liabilities	1,193	1,236
Total current liabilities	4,672	2,855
Long-term debt	225	1,611
Deferred employee benefits and other noncurrent liabilities	1,742	1,752
Minority interest	83	120
Shareholders' equity	1,057	2,411
Total liabilities and shareholders' equity	\$ 7,779	\$ 8,749

Dana Corporation
(Including Dana Credit Corporation on an Equity Basis)
Condensed Statement of Cash Flows (Unaudited)
(in millions)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2005	2004 Restated	2005	2004 Restated
Net income (loss)	\$ (1,272)	\$ 42	\$ (1,226)	\$ 200
Depreciation and amortization	60	84	214	249
Impairments	290	3	290	3
(Gain) loss on asset sales	19	(20)	14	(23)
Effect of change in accounting	(2)	—	(6)	—
Working capital decrease (increase)	47	(258)	(170)	(386)
Deferred taxes	773	(18)	734	(68)
Other	(72)	55	(73)	(26)
Net cash flows — operating activities	(157)	(112)	(223)	(51)
Purchases of property, plant and equipment	(67)	(72)	(191)	(210)
Proceeds from divestitures and asset sales	30	3	53	34
Other	69	16	27	(32)
Net cash flows — investing activities	32	(53)	(111)	(208)
Net change in short-term debt	202	173	488	356
Payments on long-term debt	—	(5)	(6)	(239)
Proceeds from long-term debt	6	—	6	—
Dividends paid	(18)	(17)	(54)	(53)
Other	(9)	3	(12)	16
Net cash flows — financing activities	181	154	422	80
Net change in cash and cash equivalents	56	(11)	88	(179)
Net change in cash — discontinued operations	—	—	—	2
Cash and cash equivalents — beginning of period	651	498	619	664
Cash and cash equivalents — end of period	\$ 707	\$ 487	\$ 707	\$ 487

Dana Corporation
Condensed Consolidating Statement of Income (Unaudited)
(in millions)

Three Months Ended September 30, 2005

	Dana with DCC on Equity Basis	DCC	Elimination Entries	Dana Consolidated
Net sales	\$ 2,396	\$	\$	\$ 2,396
Other income (expense)	(1)	19	(7)	11
	<u>2,395</u>	<u>19</u>	<u>(7)</u>	<u>2,407</u>
Costs and expenses				
Cost of sales	2,293		(3)	2,290
Selling, general and administrative expenses	128	11	(3)	136
Impairment charges	290			290
Interest expense	34	9	(1)	42
	<u>2,745</u>	<u>20</u>	<u>(7)</u>	<u>2,758</u>
Income (loss) before income taxes	(350)	(1)	—	(351)
Income tax benefit (expense)	(932)	3		(929)
Minority interest	1			1
Equity in earnings of affiliates	7	1	(3)	5
Income from continuing operations	(1,274)	3	(3)	(1,274)
Effect of change in accounting	2			2
Net income	<u>\$ (1,272)</u>	<u>\$ 3</u>	<u>\$ (3)</u>	<u>\$ (1,272)</u>

This consolidating statement provides a reconciliation of the amounts presented for Dana with Dana Credit Corporation (DCC) on an equity basis to amounts reported for Dana Corporation on a fully consolidated basis.

Dana Corporation
Condensed Consolidating Statement of Income (Unaudited)
(in millions)

Nine Months Ended September 30, 2005

	Dana with DCC on Equity Basis	DCC	Elimination Entries	Dana Consolidated
Net sales	\$ 7,505	\$	\$	\$ 7,505
Other income (expense)	41	49	(23)	67
	<u>7,546</u>	<u>49</u>	<u>(23)</u>	<u>7,572</u>
Costs and expenses				
Cost of sales	7,083		(11)	7,072
Selling, general and administrative expenses	387	33	(7)	413
Impairment charges	290			290
Interest expense	102	28	(5)	125
	<u>7,862</u>	<u>61</u>	<u>(23)</u>	<u>7,900</u>
Income (loss) before income taxes	(316)	(12)	—	(328)
Income tax benefit (expense)	(946)	21		(925)
Minority interest	(5)			(5)
Equity in earnings of affiliates	35	7	(16)	26
Income from continuing operations	(1,232)	16	(16)	(1,232)
Effect of change in accounting	6	—		6
Net income	<u>\$ (1,226)</u>	<u>\$ 16</u>	<u>\$ (16)</u>	<u>\$ (1,226)</u>

This consolidating statement provides a reconciliation of the amounts presented for Dana with Dana Credit Corporation (DCC) on an equity basis to amounts reported for Dana Corporation on a fully consolidated basis.

Dana Corporation
Condensed Consolidating Statement of Income (Unaudited)
(in millions)

Three Months Ended September 30, 2004 (Restated)

	Dana with DCC on Equity Basis	DCC	Elimination Entries	Dana Consolidated
Net sales	\$ 2,114	\$	\$	\$ 2,114
Other income (expense)	23	(20)	(11)	(8)
	<u>2,137</u>	<u>(20)</u>	<u>(11)</u>	<u>2,106</u>
Costs and expenses				
Cost of sales	1,970		(6)	1,964
Selling, general and administrative expenses	115	11	(5)	121
Interest expense	42	11		53
	<u>2,127</u>	<u>22</u>	<u>(11)</u>	<u>2,138</u>
Income before income taxes	10	(42)		(32)
Income tax benefit (expense)	29	54		83
Minority interest	(3)			(3)
Equity in earnings of affiliates	18	—	(12)	6
Income from continuing operations	54	12	(12)	54
Income from discontinued operations	(12)			(12)
Net income	<u>\$ 42</u>	<u>\$ 12</u>	<u>\$ (12)</u>	<u>\$ 42</u>

This consolidating statement provides a reconciliation of the amounts presented for Dana with Dana Credit Corporation (DCC) on an equity basis to amounts reported for Dana Corporation on a fully consolidated basis.

Dana Corporation
Condensed Consolidating Statement of Income (Unaudited)
(in millions)

	Nine Months Ended September 30, 2004 (Restated)			
	Dana with DCC on Equity Basis	DCC	Elimination Entries	Dana Consolidated
Net sales	\$ 6,755	\$	\$	\$ 6,755
Other income (expense)	37	26	(36)	27
	<u>6,792</u>	<u>26</u>	<u>(36)</u>	<u>6,782</u>
Costs and expenses				
Cost of sales	6,205		(19)	6,186
Selling, general and administrative expenses	353	38	(16)	375
Interest expense	120	37	—	157
	<u>6,678</u>	<u>75</u>	<u>(35)</u>	<u>6,718</u>
Income (loss) before income taxes	114	(49)	(1)	64
Income tax benefit (expense)	(7)	91	1	85
Minority interest	(9)			(9)
Equity in earnings of affiliates	67	4	(46)	25
Income from continuing operations	165	46	(46)	165
Income from discontinued operations	35			35
Net income	<u>\$ 200</u>	<u>\$ 46</u>	<u>\$ (46)</u>	<u>\$ 200</u>

This consolidating statement provides a reconciliation of the amounts presented for Dana with Dana Credit Corporation (DCC) on an equity basis to amounts reported for Dana Corporation on a fully consolidated basis.

Dana Corporation
Condensed Consolidating Balance Sheet (Unaudited)
(in millions)

	September 30, 2005			
	Dana with DCC on Equity Basis	DCC	Elimination Entries	Dana Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 707	\$ 23	\$	\$ 730
Accounts receivable				
Trade	1,454			1,454
Other	277	285	(288)	274
Inventories	878			878
Other current assets	123	183	(160)	146
Total current assets	3,439	491	(448)	3,482
Investment in leases	—	664	(408)	256
Investments and other assets	2,650	—	(253)	2,397
Property, plant and equipment, net	1,690	8	44	1,742
Total assets	\$ 7,779	\$ 1,163	\$ (1,065)	\$ 7,877
Liabilities and Shareholders' Equity				
Current liabilities				
Notes payable	\$ 2,157	\$ 431	\$ (284)	\$ 2,304
Accounts payable	1,322	—		1,322
Other current liabilities	1,193	53	(164)	1,082
Total current liabilities	4,672	484	(448)	4,708
Long-term debt	225	55		280
Deferred employee benefits and other noncurrent liabilities	1,742	305	(300)	1,747
Minority interest	83	2		85
Shareholders' equity	1,057	317	(317)	1,057
Total liabilities and shareholders' equity	\$ 7,779	\$ 1,163	\$ (1,065)	\$ 7,877

This consolidating statement provides a reconciliation of the amounts presented for Dana with Dana Credit Corporation (DCC) on an equity basis to amounts reported for Dana Corporation on a fully consolidated basis.

Dana Corporation
Condensed Consolidating Balance Sheet (Unaudited)
(in millions)

	December 31, 2004 (Restated)			
	Dana with DCC on Equity Basis	DCC	Elimination Entries	Dana Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 619	\$ 15	\$	\$ 634
Accounts receivable				
Trade	1,254			1,254
Other	437	208	(208)	437
Inventories	898			898
Other current assets	170	137	(107)	200
Total current assets	<u>3,378</u>	<u>360</u>	<u>(315)</u>	<u>3,423</u>
Investment in leases		411	(130)	281
Investments and other assets	3,338	467	(661)	3,144
Property, plant and equipment, net	2,033	8	130	2,171
Total assets	<u>\$ 8,749</u>	<u>\$ 1,246</u>	<u>\$ (976)</u>	<u>\$ 9,019</u>
Liabilities and Shareholders' Equity				
Current liabilities				
Notes payable	\$ 289	\$ 68	\$ (202)	\$ 155
Accounts payable	1,330			1,330
Other current liabilities	1,236	67	(115)	1,188
Total current liabilities	<u>2,855</u>	<u>135</u>	<u>(317)</u>	<u>2,673</u>
Long-term debt	1,611	443		2,054
Deferred employee benefits and other noncurrent liabilities	1,752	311	(304)	1,759
Minority interest	120	2		122
Shareholders' equity	2,411	355	(355)	2,411
Total liabilities and shareholders' equity	<u>\$ 8,749</u>	<u>\$ 1,246</u>	<u>\$ (976)</u>	<u>\$ 9,019</u>

This consolidating statement provides a reconciliation of the amounts presented for Dana with Dana Credit Corporation (DCC) on an equity basis to amounts reported for Dana Corporation on a fully consolidated basis.

Dana Corporation
Consolidating Cash Flow (Unaudited)
(in millions)

Three Months Ended September 30, 2005

	Dana with DCC on Equity Basis	DCC	Elimination Entries	Dana Consolidated
Net income	\$ (1,272)	\$ 3	\$ (3)	\$ (1,272)
Depreciation and amortization	60	4	—	64
Loss on divestitures and asset sales	19	—	—	19
Effect of change in accounting	(2)	—	—	(2)
Impairments	290	—	—	290
Working capital decrease (increase)	47	(46)	21	22
Deferred taxes	773	(10)	—	763
Other	(72)	34	3	(35)
Net cash flows — operating activities	<u>(157)</u>	<u>(15)</u>	<u>21</u>	<u>(151)</u>
Purchases of property, plant and equipment	(67)	(2)	—	(69)
Payments received on leases and partnership	—	32	—	32
Proceeds from asset sales	30	9	—	39
Other	69	(31)	—	38
Net cash flows — investing activities	<u>32</u>	<u>8</u>	<u>—</u>	<u>40</u>
Net change in short-term debt	202	—	(21)	181
Proceeds from long-term debt	6	15	—	21
Payments on long-term debt	—	—	—	—
Dividends paid	(18)	—	—	(18)
Other	(9)	—	—	(9)
Net cash flows — financing activities	<u>181</u>	<u>15</u>	<u>(21)</u>	<u>175</u>
Net change in cash and cash equivalents	56	8	—	64
Cash and cash equivalents — beginning of period	651	15	—	666
Cash and cash equivalents — end of period	<u>\$ 707</u>	<u>\$ 23</u>	<u>\$ —</u>	<u>\$ 730</u>

This consolidating statement provides a reconciliation of the amounts presented for Dana with Dana Credit Corporation (DCC) on an equity basis to amounts presented for Dana Corporation on a fully consolidated basis.

Dana Corporation
Consolidating Cash Flow (Unaudited)
(in millions)

Nine Months Ended September 30, 2005

	Dana with DCC on Equity Basis	DCC	Elimination Entries	Dana Consolidated
Net income	\$ (1,226)	\$ 16	\$ (16)	\$ (1,226)
Depreciation and amortization	214	13	—	227
Loss on divestitures and asset sales	14	—	—	14
Effect of change in accounting	(6)	—	—	(6)
Impairments	290	—	—	290
Working capital increase	(170)	(104)	81	(193)
Deferred taxes	734	(6)	—	728
Other	(73)	(27)	(34)	(134)
Net cash flows — operating activities	(223)	(108)	31	(300)
Purchases of property, plant and equipment	(191)	(2)	—	(193)
Payments received on leases and partnership	—	70	—	70
Proceeds from asset sales	53	122	—	175
Other	27	1	—	28
Net cash flows — investing activities	(111)	191	—	80
Net change in short-term debt	488	(1)	(81)	406
Proceeds from long-term debt	6	15	—	21
Payments on long-term debt	(6)	(39)	—	(45)
Dividends paid	(54)	(50)	50	(54)
Other	(12)	—	—	(12)
Net cash flows — financing activities	422	(75)	(31)	316
Net change in cash and cash equivalents	88	8	—	96
Cash and cash equivalents — beginning of period	619	15	—	634
Cash and cash equivalents — end of period	<u>\$ 707</u>	<u>\$ 23</u>	<u>\$ —</u>	<u>\$ 730</u>

This consolidating statement provides a reconciliation of the amounts presented for Dana with Dana Credit Corporation (DCC) on an equity basis to amounts presented for Dana Corporation on a fully consolidated basis.

Dana Corporation
Condensed Statement of Cash Flows (Unaudited)
(in millions)

	Three Months Ended September 30, 2004 (Restated)			
	Dana with DCC on Equity Basis	DCC	Elimination Entries	Dana Consolidated
Net income	\$ 42	\$ 12	\$ (12)	\$ 42
Depreciation and amortization	84	6	—	90
Gain on divestitures and asset sales	(20)	(12)	—	(32)
Impairments	3	21	—	24
Working capital decrease (increase)	(258)	(141)	150	(249)
Deferred taxes	(18)	(13)	—	(31)
Other	55	(16)	7	46
Net cash flows — operating activities	<u>(112)</u>	<u>(143)</u>	<u>145</u>	<u>(110)</u>
Purchases of property, plant and equipment	(72)	(1)	—	(73)
Payments received on leases and partnerships	—	2	—	2
Proceeds from asset sales	3	163	—	166
Other	16	1	—	17
Net cash flows — investing activities	<u>(53)</u>	<u>165</u>	<u>—</u>	<u>112</u>
Net change in short-term debt	173	—	(145)	28
Payments on long-term debt	(5)	(96)	—	(101)
Dividends paid	(17)	—	—	(17)
Other	3	—	—	3
Net cash flows — financing activities	<u>154</u>	<u>(96)</u>	<u>(145)</u>	<u>(87)</u>
Net change in cash and cash equivalents	(11)	(74)	—	(85)
Cash and cash equivalents — beginning of period	498	99	—	597
Cash and cash equivalents — end of period	<u>\$ 487</u>	<u>\$ 25</u>	<u>\$ —</u>	<u>\$ 512</u>

This consolidating statement provides a reconciliation of the amounts presented for Dana with Dana Credit Corporation (DCC) on an equity basis to amounts presented for Dana Corporation on a fully consolidated basis.

Dana Corporation
Condensed Statement of Cash Flows (Unaudited)
(in millions)

Nine Months Ended September 30, 2004 (Restated)

	Dana with DCC on Equity Basis	DCC	Elimination Entries	Dana Consolidated
Net income	\$ 200	\$ 46	\$ (46)	\$ 200
Depreciation and amortization	249	24	—	273
Gain on divestitures and asset sales	(23)	(34)	—	(57)
Impairments	3	21	—	24
Working capital decrease (increase)	(386)	(142)	150	(378)
Deferred taxes	(68)	(4)	—	(72)
Other	(26)	(62)	41	(47)
Net cash flows — operating activities	<u>(51)</u>	<u>(151)</u>	<u>145</u>	<u>(57)</u>
Purchases of property, plant and equipment	(210)	(7)	3	(214)
Payments received on leases and partnerships	—	10	—	10
Proceeds from asset sales	34	287	(3)	318
Other	(32)	10	—	(22)
Net cash flows — investing activities	<u>(208)</u>	<u>300</u>	<u>—</u>	<u>92</u>
Net change in short-term debt	356	(30)	(145)	181
Proceeds from long-term debt	—	5	—	5
Payments on long-term debt	(239)	(166)	—	(405)
Dividends paid	(53)	—	—	(53)
Other	16	—	—	16
Net cash flows — financing activities	<u>80</u>	<u>(191)</u>	<u>(145)</u>	<u>(256)</u>
Net change in cash and cash equivalents	(179)	(42)	—	(221)
Net change in cash — discontinued operations	2	—	—	2
Cash and cash equivalents — beginning of period	665	66	—	731
Cash and cash equivalents — end of period	<u>\$ 488</u>	<u>\$ 24</u>	<u>\$ —</u>	<u>\$ 512</u>

This consolidating statement provides a reconciliation of the amounts presented for Dana with Dana Credit Corporation (DCC) on an equity basis to amounts presented for Dana Corporation on a fully consolidated basis.



Welcome to Dana's Third-Quarter 2005 Conference Call

January 17, 2006



Presenters:

Mike Burns

**Chairman and
Chief Executive Officer**

Bob Richter

**Vice President and
Chief Financial Officer**



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Dana Corporation

Third-Quarter 2005 Conference Call

January 17, 2006

Statements in this presentation which are not entirely historical constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements represent Dana's expectations based on our current information and assumptions. However, forward-looking statements are inherently subject to risks and uncertainties and Dana's actual results could differ materially from those that are anticipated or projected due to a number of factors. These factors include the cyclical nature of the vehicular markets we serve, particularly the heavy-duty commercial vehicle market; changes in the competitive environment in our markets due, in part, to outsourcing and consolidation by our customers; changes in national and international economic conditions that affect our markets, such as increased fuel prices and legislation regulating vehicle emissions; potential adverse effects on our operations and business from terrorism or hostilities; the strength of other currencies in the overseas countries in which we do business relative to the U.S. dollar; increases in our commodity costs (including steel, other raw materials, and energy) that we cannot recoup in our product pricing; our success in implementing our cost-savings, lean manufacturing and VAIVE (value added/value engineering) programs; changes in business relationships with our major customers and in the timing, size and continuation of their programs; the ability of our customers to maintain their market positions and achieve their projected sales and production levels; the ability of our suppliers to maintain their projected production levels and furnish critical components for our products, as well as other necessary goods and services; competitive pressures on our sales from other vehicle component suppliers; price reduction pressures from our customers; our ability to negotiate new or modified financing agreements prior to the expiration of the waivers under our existing agreements; and our ability to complete our previously announced strategic actions as contemplated (including the divestiture of our non-core engine hard parts, fluid products and pump products businesses; the operational restructuring in our Automotive Systems Group and our Commercial Vehicle business; the dissolution of our Mexican joint venture, Spicer S.A. de C.V.; the finalization of our Chinese joint venture, Dongfeng Axle Co., Ltd.); and other factors set out in our public filings with the Securities and Exchange Commission. Forward-looking statements in this presentation speak only as of the date of this presentation. Dana does not undertake to update such forward-looking statements.

Agenda

- ▶ Recent financial challenges **Mike Burns**
- ▶ Q3 financial overview
- ▶ Overview of operational actions
- ▶ Detailed financial review **Bob Richter**
- ▶ Operational review **Mike Burns**
- ▶ Net new business
- ▶ Dana strengths
- ▶ Investor day



Since our last earnings call in July 2005, Dana has faced three major financial challenges

- ▶ **Dana completed restatements of financial results for 2000 through Q2-2005**
 - Total net income for these periods reduced by \$44 million
- ▶ **By filing amended financial statements for 2004 and the first two quarters of 2005, as well as today's third-quarter filing, Dana will have eliminated defaults under financing agreements**
- ▶ **Dana provided a valuation allowance of \$918 million against its net U.S. & U.K. deferred tax assets**
 - The valuation allowance is a non-cash charge



Unusual charges accounted for 95% of Q3-05 loss, but operating results still unacceptable

(\$ Millions, except per share data)	<u>Q3-2005</u>	<u>Q3-2004</u> Restated
Sales	\$ 2,396	\$ 2,114
<hr/>		
Net income (loss)	\$ (1,272)	\$ 42
<hr/>		
Income (loss) from continuing ops., excluding unusual items*	\$ (63)	\$ 39
Earnings per share from continuing ops., excluding unusual items*	\$ (0.42)	\$ 0.26

*Comparable GAAP measures available at www.dana.com/investors



Dana has initiated key actions to improve its financial results and sharpen business focus

- ▶ **As announced Oct. 20, 2005:**
 - **Divestiture of three non-core businesses**
 - **Operational restructuring in ASG and HVTSG**
 - **Annualized savings of more than \$20 million before tax expected by second half of 2007**
 - **Salaried workforce and benefit reductions**
 - **Annualized savings of more than \$40 million before tax expected in 2006**
- ▶ **As announced Nov. 22, 2005, Dana intends to acquire full ownership of axle and driveshaft operations in Mexico (current ownership of 49%)**
- ▶ **As announced Dec. 14, 2005, Dana to consolidate Thermal Products operations**



Results of Restatements

(\$ Millions)

	<u>As Reported</u>	<u>As Restated</u>	<u>Difference</u>
Retained earnings, 12-31-03	\$ 2,838	\$ 2,837	\$ 1
Net income, 2004	\$ 82	\$ 62	\$ 20
Net income, Q1-05	\$ 18	\$ 16	\$ 2
Net income, Q2-05	\$ 51	\$ 30	\$ 21
TOTAL	\$ 2,989	\$ 2,945	\$ 44



Material Weaknesses

1. We did not maintain an effective control environment in our Commercial Vehicle business unit.
2. Our financial and accounting organization was not adequate to support our financial accounting and reporting needs.
3. We did not maintain effective controls over the completeness and accuracy of certain revenue and expense accruals.
4. We did not maintain effective controls over reconciliations of certain financial statement accounts.
5. We did not maintain effective controls over the valuation of certain inventory and costs of goods sold.



Q3-2005 Financial Overview

(\$ Millions, except per share data)

	Three months ended September 30		Nine months ended September 30	
	2005	2004 Restated	2005	2004 Restated
Sales	\$ 2,396	\$ 2,114	\$ 7,505	\$ 6,755
Net income (loss)	\$ (1,272)	\$ 42	\$ (1,226)	\$ 200
Earnings per share	\$ (8.50)	\$ 0.28	\$ (8.20)	\$ 1.33
Income (loss) from continuing ops., excluding unusual items*	\$ (63)	\$ 39	\$ (20)	\$ 132
Earnings per share from continuing operations, excluding unusual items*	\$ (0.42)	\$ 0.26	\$ (0.13)	\$ 0.88

*Non-GAAP measure



Q3-2005 Unusual, Non-cash Items

- ▶ **Valuation allowance of \$918 million against deferred tax assets (\$905-U.S., \$13-U.K.)**
- ▶ **Asset impairment of \$275 million related to planned divestitures**
 - Engine hard parts
 - Fluid products
 - Pump products
- ▶ **Loss of \$16 million on smaller divestitures completed in Q3**



Q3-2005 Income Statement

(\$ Millions)

	As Reported	DCC to Equity	Unusual Items			As Adjusted
			Def Tax Valuation	Impairmt	Divest	
Sales	\$ 2,396					\$ 2,396
Other income	11	\$ (12)			\$ 16	15
	2,407	(12)			16	2,411
	-					
Cost of sales	2,290	3				2,293
SG&A	136	(8)				128
Impairment	290			\$ (290)		
Interest	42	(8)				34
	2,758	(13)		(290)		2,455
Income (loss) before taxes	(351)	1		290	16	(44)
Tax benefit (expense)	(929)	(3)	\$ 920	(15)		(27)
Minority interest	1					1
Equity in earnings of affiliates	5	2				7
Income (loss) from continuing ops	(1,274)		920	275	16	(63)
Effect of accounting change	2		(2)			
Net income (loss)	\$ (1,272)	\$ -	\$ 918	\$ 275	\$ 16	\$ (63)



Nine-month 2005 Income Statement

(\$ Millions)

	As Reported	DCC to Equity	Unusual Items				As Adjusted
			Def Tax Valuation	Impairmt	Divest	DCC Sales	
Sales	\$ 7,505						\$ 7,505
Other income	67	\$ (26)			\$ 16		57
	7,572	(26)			16		7,562
Cost of sales	7,072	11					7,083
SG &A	413	(26)				\$ 9	396
Impairment	290			\$ (290)			
Interest	125	(23)					102
	7,900	(38)		(290)		9	7,581
Income (loss) before taxes	(328)	12		290	16	(9)	(19)
Tax benefit (expense)	(925)	(21)	\$ 920	(15)		14	(27)
Minority interest	(5)						(5)
Equity in earnings of affiliates	26	9				\$ (4)	31
Income (loss) from continuing ops	(1,232)		920	275	16	(4)	(20)
Effect of accounting change	6		(2)			(4)	
Net income (loss)	\$ (1,226)	\$ -	\$ 918	\$ 275	\$ 16	\$ (4)	\$ 1
						\$ 1	\$ (20)



Cash Flow Statement

With DCC on an Equity Basis

(\$ Millions)	Third Quarter		Nine Months	
	2005	2004 Restated	2005	2004 Restated
Net income	\$(1,272)	\$ 42	\$(1,226)	\$ 200
Depreciation and amortization	60	84	214	249
Impairments	290	3	290	3
Loss (gain) on assets sales	19	(20)	14	(23)
Effect of change in accounting	(2)		(6)	
Working capital decrease (increase)	47	(258)	(170)	(386)
Deferred taxes	773	(18)	734	(68)
Other	(72)	55	(73)	(26)
Net cash flows - operating activities	(157)	(112)	(223)	(51)
Purchases of property, plant and equipment	(67)	(72)	(191)	(210)
Proceeds from divestitures and assets sales	30	3	53	34
Other	69	16	27	(32)
Net cash flows - investing activities	32	(53)	(111)	(208)
Net change in short-term debt	202	173	488	356
Payments on long-term debt		(5)	(6)	(239)
Proceeds from long-term debt	6		6	
Dividends paid	(18)	(17)	(54)	(53)
Other	(9)	3	(12)	16
Net cash flows - financing activities	181	154	422	80
Net change in cash and cash equivalents	56	(11)	88	(179)
Net change in cash - discontinued operations				2
Cash and cash equivalents - beginning of period	651	498	619	664
Cash and cash equivalents - end of period	\$ 707	\$ 487	\$ 707	\$ 487

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* Non-GAAP measure

Working Capital Reduction

With DCC on an Equity Basis

(\$ Millions)

Second-half plan at end of Q2-05:

Reduction in accounts receivable	\$	200	✓
Increase in accounts payable		25	✗
Reduction in inventory		150	✓
Total	\$	375	



Capital Structure – Nine-months 2005

With DCC on an Equity Basis

(\$ Millions)	Dec-04		Unusual		
	<u>Restated</u>	<u>Operations</u>	<u>Items</u>	<u>Other</u>	<u>Sep-05</u>
Short-term debt	\$ 289	\$ 488	\$ -	\$ 1,380	\$ 2,157
Long-term debt	<u>1,611</u>	<u>-</u>	<u>-</u>	<u>(1,386)</u>	<u>225</u>
Borrowings	1,900	488		(6)	2,382
Cash	<u>619</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>707</u>
Net debt	\$ 1,281	\$ 400	\$ -	\$ (6)	\$ 1,675
Equity	\$ 2,411	\$ (74)	\$ (1,206)	\$ (74)	\$ 1,057
Net Debt / Capital	34.7%				61.3%

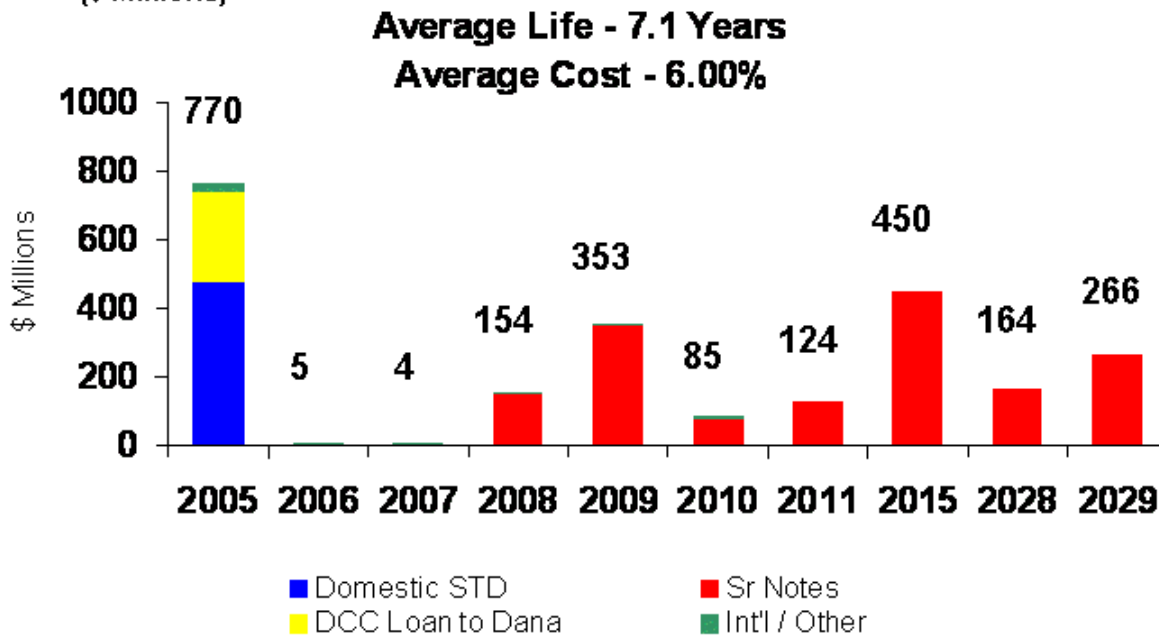
* Non-GAAP measure



Dana Debt Portfolio at Sept. 30, 2005

Excluding Debt Maturities of DCC

(\$ Millions)



Note: Maturities do not reflect swap valuation adjustments



September 30, 2005 Liquidity

Excluding DCC

(\$ Millions)	<u>Lines</u>	<u>Drawn</u>	<u>Available</u>
5-year bank facility	\$ 400	\$ 255	\$ 145
Accts receivable program	275	220	5
Bank lines	<u>35</u>	<u>-</u>	<u>35</u>
Bank facilities	710	475	185
Amount due DCC		<u>\$ 268</u>	
Total short-term facilities		\$ 743	
Plus cash			<u>707</u>
		Total	\$ 892

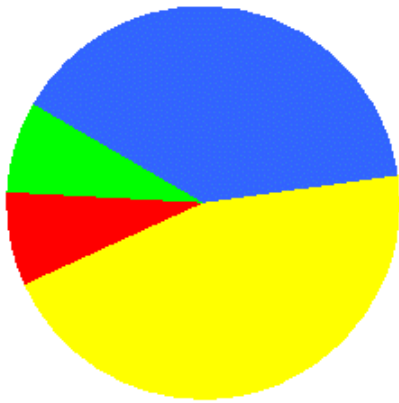
Note 1 - Excludes committed borrowing lines related to foreign operations.

Note 2 - Cash on balance sheet includes cash of non-North American Operations of \$315 million and cash in pledged accounts of \$120 million.



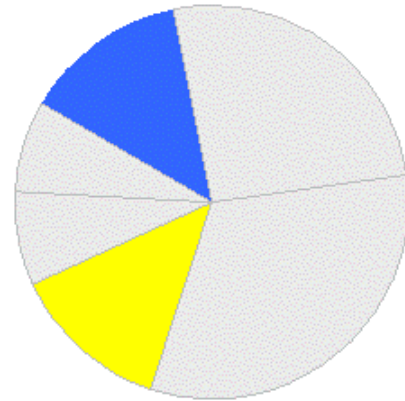
Dana Credit Corporation Portfolio Analysis

(\$ Millions)



12/01 Total Portfolio Assets - \$2,200

Value-Added Services
Real Estate



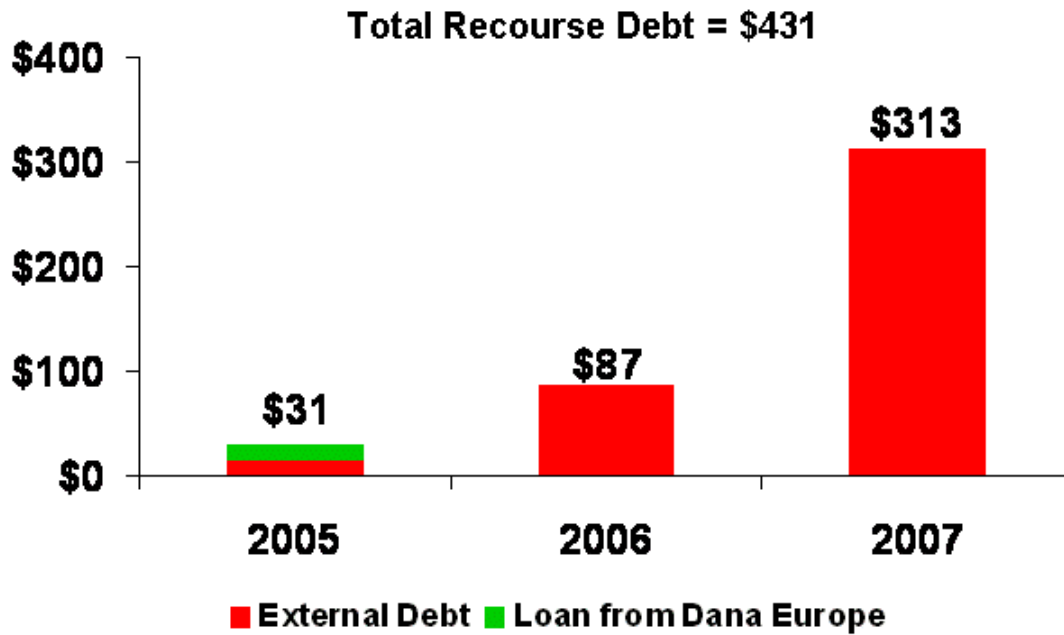
9/05 Total Portfolio Assets - \$605

Capital Markets
Retained



DCC Debt Portfolio at Sept. 30, 2005

(\$ Millions)



DCC Wind-Down Status

(\$ Millions)

Portfolio assets	\$ 605
Net required from future asset sales:	
Debt maturities	\$ 431
Cash on balance sheet	(23)
Note receivable from Dana	(268)
Total	\$ 140
Proceeds required / Portfolio assets	23%



Financing Agreements

- ▶ **Filing and delivery of amended financial statements in December 2005, together with the filing of the third-quarter 2005 10-Q cures issues with existing financing agreements and indentures**
- ▶ **Covenant waivers under the 5-Year bank facility until May 31, 2006**
- ▶ **Waivers under the A/R facility until April 14, 2006 renewal date**
- ▶ **Currently working with our bank group on modified or replacement facilities which we expect to have in place prior to the expiration of the waivers**



Recapping the Quarter (Q3-05)

(\$ Millions)

	<u>2005</u>	<u>2004</u> Restated
EBIT:		
ASG	\$ 41	\$ 65
HVTSG	16	41
Corp & other	(75)	(65)
	(18)	41
Interest - net	(26)	(41)
Income (loss) before taxes	(44)	-
Taxes on income	(27)	31
Minority interest	1	(3)
Equity earnings	7	11
Income (loss) from cont ops	(63)	39
Income from disc ops		18
Deferred tax valuation	(918)	
Impairment charge	(275)	
Other unusual items	(16)	(15)
Net income (loss)	\$ (1,272)	\$ 42



Dana's Q3-05 operating performance impacted by high steel and manufacturing costs

(\$ Millions)

	ASG			HVTSG		
	2005	2004 Restated	Chg.	2005	2004 Restated	Chg.
Sales	\$ 1,784	\$ 1,583	\$ 201	\$ 644	\$ 560	\$ 84
EBIT	41	65	(24)	16	41	(25)
Steel Impact*	25	20	5	18	3	15

* Before tax, net of recoveries



Nine-month 2005 EBIT disappointing, mainly for Commercial Vehicle, given strong market

(\$ Millions)

	ASG			HVTSG		
	<u>2005</u>	<u>2004</u> Restated	<u>Chg.</u>	<u>2005</u>	<u>2004</u> Restated	<u>Chg.</u>
Sales	\$ 5,577	\$ 5,107	\$ 470	\$ 2,018	\$ 1,722	\$ 296
EBIT	179	270	(91)	81	125	(44)
Steel Impact*	117	32	85	65	7	58

* Before tax, net of recoveries



Intense focus on Commercial Vehicle – new leadership, restructuring, common processes

- ▶ **Nick Stanage, VP of Commercial Vehicle, named president of Heavy Vehicle Products in December 2005**
- ▶ **Other leadership changes made throughout the business, including group controller**
- ▶ **Restructuring actions announced in October 2005 to enhance efficiency, throughput, and logistics**
 - **Increasing axle assembly capacity in Monterrey, Mexico, to relieve Henderson, Ky. operation**
 - **Increasing gear production capacity in Toluca, Mexico, to relieve Glasgow, Ky. operation**
 - **Consolidating Commercial Vehicle Service Parts work in Crossville, Tenn.**
- ▶ **Significant increase in lean manufacturing activities**
 - **Common processes across automotive and heavy vehicle operations**



Dana intends to acquire full ownership of operations in Mexico for low-cost production

- ▶ **Joint venture with DESC S.A. de C.V. – 51% DESC, 49% Dana – will be dissolved**
- ▶ **Dana to take full ownership of five axle and driveshaft plants in Mexico**
- ▶ **DESC to take full ownership of transmission and aftermarket gasket operations**
- ▶ **Expect to complete in Q1-2006**
- ▶ **Assets will be better utilized and offer low-cost manufacturing capacity to Dana**
- ▶ **Will positively impact EBIT performance as results from these operations will be 100% consolidated**
- ▶ **Provides base to do more**



Rebalancing capacity and reducing cost to improve results in Automotive Systems Group

- ▶ **Buena Vista, Va., axle facility will be closed and its production consolidated into Dana facility in Dry Ridge, Ky.**
 - **Buena Vista facility employs approximately 275 people**
- ▶ **Bristol, Va., driveshaft facility will be closed and its production consolidated into Dana operations in Mexico**
 - **Bristol facility employs approximately 270 people**
- ▶ **Steering shaft component and assembly lines in Lima, Ohio, will also be moved to Dana operations in Mexico**
 - **Approximately 100 of the 385 jobs will be affected**
- ▶ **Dana to consolidate Thermal Products operations**
 - **Facilities in Danville, Ind.; Sheffield, Pa.; and Burlington, Ont. – with 200 people – will be closed**
 - **Production will be moved to plants in St. Clair, Mich.; and Cambridge, Ont.**



Improved profitability through benefit reductions and lean manufacturing

- ▶ **Salaried workforce will be reduced by at least five percent (in addition to positions eliminated through announced divestitures and plant closures) generating savings of \$15 million before tax in 2006**
- ▶ **Benefit cost reductions expected to generate cost savings of more than \$25 million before tax in 2006**
- ▶ **Through ongoing lean manufacturing and improved efficiency, Dana is optimizing its workforce**
 - **Workforce reductions of nearly 1,000 in 2005**

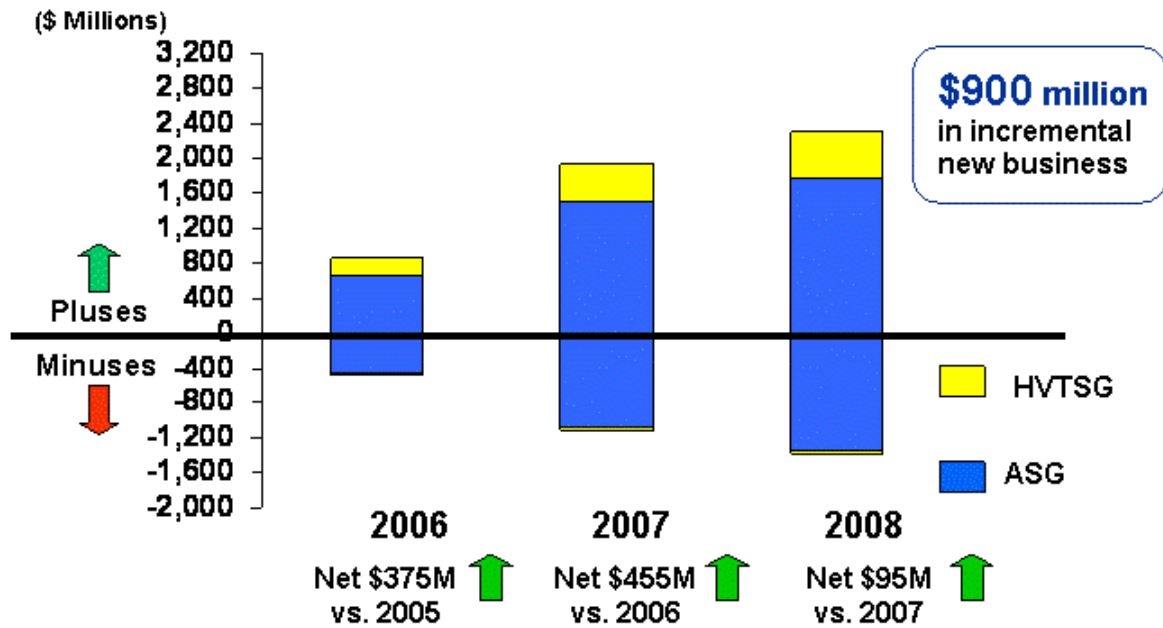


Non-core businesses to be divested had 2004 sales of \$1.3 billion, 9,800 employees

- ▶ **Engine hard parts business**
 - 2004 sales of \$720 million
 - 5,300 people in 26 operations in 10 countries
 - Piston rings, camshafts, engine bearings under Perfect Circle™, Clevite™, and Glacier Vandervell™ brands
- ▶ **Fluid products business**
 - 2004 sales of \$470 million
 - 3,850 people in 16 operations in six countries
- ▶ **Pump products business**
 - 2004 sales of \$80 million
 - 650 people in two operations in Brazil
- ▶ **Non-core businesses to be classified as discontinued operations in Q4-2005**
- ▶ **Expect to complete divestitures in 2006**



Projected \$900 million in Net New Business for 2006 - 2008; aggressively pursuing more



Excludes the announced divestitures of engine hard parts and fluid businesses

Estimates based on Dana's review of the projected production schedules of our customers

Despite challenges ... Dana strengths

- ▶ **Global and growing manufacturing footprint with diverse customer base**
- ▶ **Strong, balanced product mix**
 - **Driveshafts, axles, frames, thermal and sealing products for light, commercial, and off-highway vehicle markets**
- ▶ **Narrowing business focus to profitable core**
- ▶ **Committed to profitable top-line growth**
- ▶ **Leadership team with a mandate for performance**
 - **Functional and product group leaders understand the urgency and importance of executing our plans**



Investor Day

- ▶ **Late April or early May**
- ▶ **Introduce and meet Dana leadership team**
- ▶ **New York**





Questions



Supplemental Slides

Q3 2004 Income Statement

(Restated)

(\$ Millions)

	As Restated	DCC to Equity	Unusual Items				As Adjusted
			AAG	Knorr Bremse	DCC Sales	Impairmt	
Sales	\$ 2,114						\$ 2,114
Other income	(8)	\$ 31		\$ (21)	\$ 4		6
	2,106	31		(21)	4		2,120
Cost of sales	1,964	6					1,970
SG&A	121	(6)				\$ (7)	108
Interest	53	(11)					42
	2,138	(11)				(7)	2,120
Income (loss) before taxes	(32)	42		(21)	4	7	-
Tax benefit (expense)	83	(54)		8	(4)	(2)	31
Minority interest	(3)						(3)
Equity in earnings of affiliates	6	12				(7)	11
Income (loss) from continuing ops	54			(13)	(7)	5	39
Income (loss) from discontinued ops	(12)		\$ 30				18
Net income (loss)	\$ 42	\$ -	\$ 30	\$ (13)	\$ (7)	\$ 5	\$ 57



Nine-month 2004 Income Statement

(Restated)

(\$ Millions)

	As Restated	DCC to Equity	Unusual Items				As Adjusted
			AAG	Knorr Bremse	DCC Sales	Impairmt	
Sales	\$ 6,755						\$ 6,755
Other income	27	\$ 10		\$ (21)	\$ 9		25
	6,782	10		(21)	9		6,780
Cost of sales	6,186	19					6,205
SG&A	375	(22)				\$ (7)	346
Interest	157	(37)					120
	6,718	(40)				(7)	6,671
Income (loss) before taxes	64	50		(21)	9	7	109
Tax benefit (expense)	85	(92)		8	(6)	(2)	(7)
Minority interest	(9)						(9)
Equity in earnings of affiliates	25	42			(28)		39
Income (loss) from continuing ops	165			(13)	(25)	5	132
Income (loss) from disc ops	35		\$ 13				48
Income (loss) before acct change	\$ 200	\$ -	\$ 13	\$ (13)	\$ (25)	\$ 5	\$ 180



Capital Structure

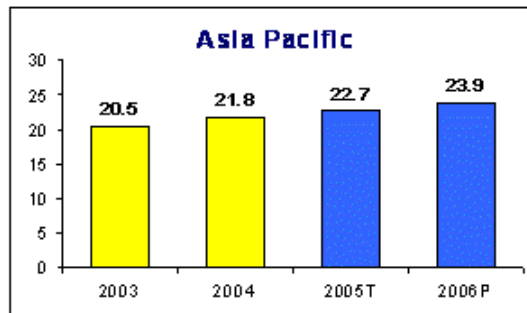
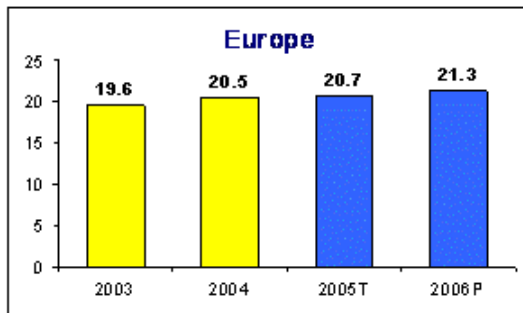
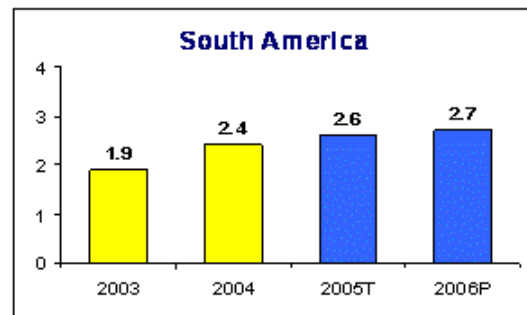
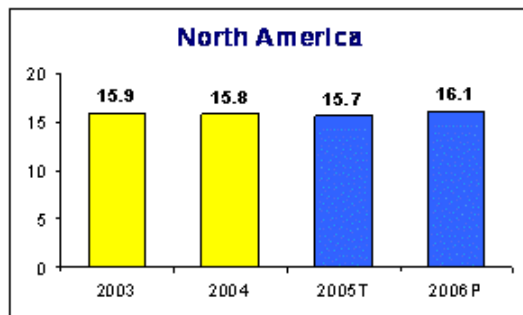
Reconciliation as of September 30, 2005

(\$ Millions)	Dana with DCC <u>On Equity Basis</u>	<u>DCC</u>	<u>Eliminations</u>	Dana with DCC <u>Consolidated</u>
Short-term Debt	\$ 2,157	\$ 431	\$ (284)	\$ 2,304
Long-term Debt	225	55	-	280
Borrowings	2,382	486	(284)	2,584
Cash	707	23	-	730
Net Debt	\$ 1,675	\$ 463	\$ (284)	\$ 1,854
Equity	\$ 1,057			\$ 1,057
Net Debt / Capital	61.3%			63.7%

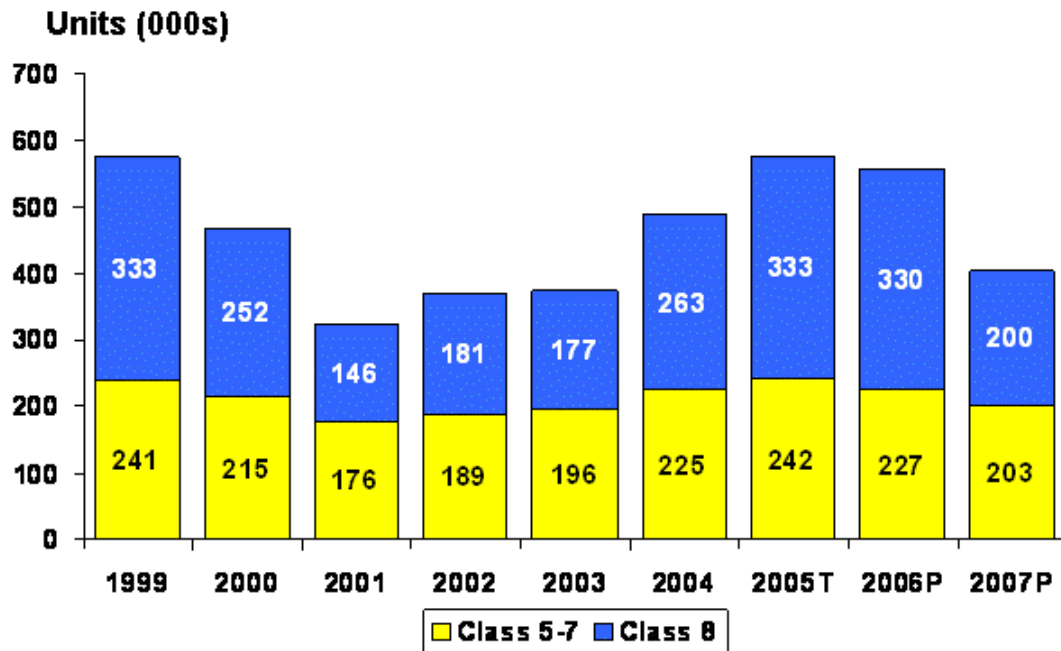


Light Vehicle Production

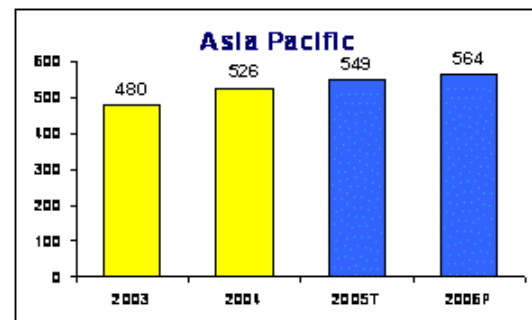
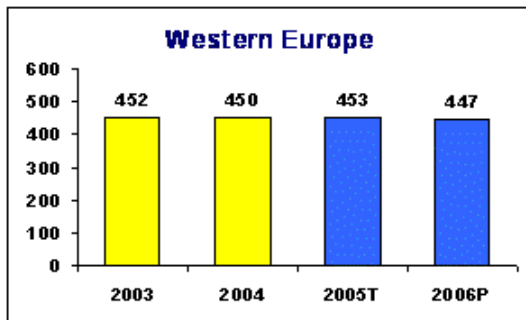
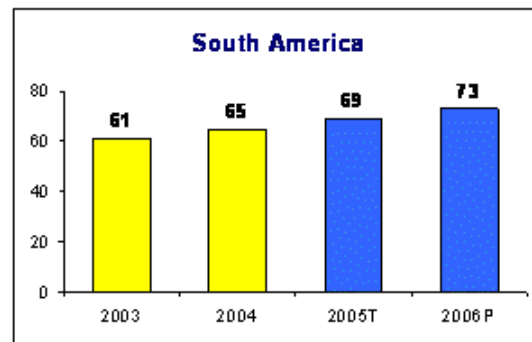
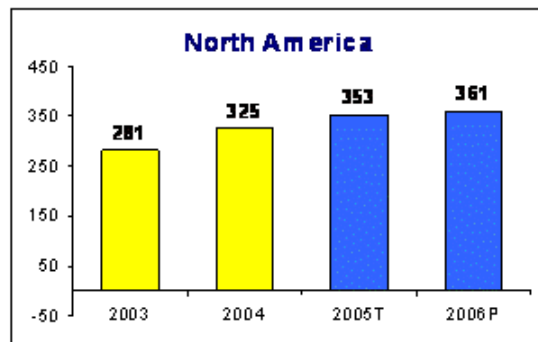
(Units Millions)



NAFTA Commercial Vehicle Production



Off-Highway Vehicle Production*



* Units in 1,000 for Wheeled Construction, Ag, Mining, Material Handling & Forestry





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Investor Relations
Dana Corporation
Quarterly Financial Information (Unaudited)
For the Quarter Ended September 30, 2005
(in millions)

	External Sales		Inter-Segment Sales		EBIT		Operating PAT		Net Profit	
	05	04 (Restated)	05	04 (Restated)	05	04 (Restated)	05	04 (Restated)	05	04 (Restated)
Automotive Systems Group	\$ 1,745	\$ 1,534	\$ 39	\$ 49	\$ 41	\$ 65	\$ 29	\$ 44	\$ (13)	\$ 9
Heavy Vehicle Technologies and Systems Group	642	559	2	1	16	41	10	26	(9)	10
Dana Commercial Credit							3	4	3	4
Other	9	21	12	15	(75)	(65)	(105)	(34)	(44)	17
Continuing Operations	2,396	2,114	53	65	(18)	41	(63)	40	(63)	40
Discontinued Operations						29		17		17
Valuation adjustment to deferred tax asset							(920)		(920)	
Unusual Items Excluded from Performance Measurement					(306)	(6)	(291)	(15)	(291)	(15)
Effect of change in Accounting							2		2	
Consolidated	<u>\$ 2,396</u>	<u>\$ 2,114</u>	<u>\$ 53</u>	<u>\$ 65</u>	<u>\$ (324)</u>	<u>\$ 64</u>	<u>\$ (1,272)</u>	<u>\$ 42</u>	<u>\$ (1,272)</u>	<u>\$ 42</u>
North America	\$ 1,476	\$ 1,382	\$ 33	\$ 33	\$ (38)	\$ 15	\$ (28)	\$ 9	\$ (58)	\$ (15)
Europe	452	397	30	23	31	30	22	22	12	15
South America	259	172	61	56	33	28	20	17	15	14
Asia Pacific	209	163	12	14	19	9	12	6	7	2
Dana Commercial Credit							3	4	3	4
Other					(63)	(41)	(92)	(18)	(42)	20
Continuing Operations	2,396	2,114	136	126	(18)	41	(63)	40	(63)	40
Discontinued Operations						29		17		17
Valuation adjustment to deferred tax asset							(920)		(920)	
Unusual Items Excluded from Performance Measurement					(306)	(6)	(291)	(15)	(291)	(15)
Effect of change in Accounting							2		2	
Consolidated	<u>\$ 2,396</u>	<u>\$ 2,114</u>	<u>\$ 136</u>	<u>\$ 126</u>	<u>\$ (324)</u>	<u>\$ 64</u>	<u>\$ (1,272)</u>	<u>\$ 42</u>	<u>\$ (1,272)</u>	<u>\$ 42</u>
Information for Discontinued Operations		539		88						

The performance and net assets of Clevite are now included in ASG.

FOR MORE INFORMATION

(www.dana.com) - Dial-For-Dana U.S. or Canada 800-537-8823; OH 800-472-8810

E-Mail michelle.hards@dana.com or karen.crawford@dana.com

Dana Investor Relations 419-535-4635



Investor Relations
Dana Corporation
Quarterly Financial Information (Unaudited)
For the Nine Months Ended September 30, 2005
(in millions)

	External Sales		Inter-Segment Sales		EBIT		Operating PAT		Net Profit	
	05	04 (Restated)	05	04 (Restated)	05	04 (Restated)	05	04 (Restated)	05	04 (Restated)
Automotive Systems Group	\$ 5,467	\$ 4,966	\$ 110	\$ 141	\$ 179	\$ 270	\$ 128	\$ 184	\$ 14	\$ 85
Heavy Vehicle Technologies and Systems Group	2,014	1,719	4	3	81	125	50	77	(3)	34
Dana Commercial Credit							12	16	12	16
Other	24	70	42	48	(201)	(174)	(210)	(145)	(43)	(3)
Continuing Operations	7,505	6,755	156	192	59	221	(20)	132	(20)	132
Discontinued Operations						86		48		48
Valuation adjustment to deferred tax asset							(920)		(920)	
Unusual Items Excluded from Performance Measurement					(297)	(15)	(292)	20	(292)	20
Effect of change in Accounting							6		6	
Consolidated	\$ 7,505	\$ 6,755	\$ 156	\$ 192	\$ (238)	\$ 292	\$ (1,226)	\$ 200	\$ (1,226)	\$ 200
North America	\$ 4,687	\$ 4,553	\$ 93	\$ 100	\$ (23)	\$ 166	\$ (18)	\$ 103	\$ (105)	\$ 23
Europe	1,507	1,255	91	74	118	94	82	67	54	44
South America	713	454	187	150	87	73	54	45	41	37
Asia Pacific	598	493	37	38	51	32	33	21	20	9
Dana Commercial Credit							12	16	12	16
Other					(174)	(144)	(183)	(120)	(42)	3
Continuing Operations	7,505	6,755	408	362	59	221	(20)	132	(20)	132
Discontinued Operations						86		48		48
Valuation adjustment to deferred tax asset							(920)		(920)	
Unusual Items Excluded from Performance Measurement					(297)	(15)	(292)	20	(292)	20
Effect of change in Accounting							6		6	
Consolidated	\$ 7,505	\$ 6,755	\$ 408	\$ 362	\$ (238)	\$ 292	\$ (1,226)	\$ 200	\$ (1,226)	\$ 200
Information for Discontinued Operations		1,608		255						

The performance and net assets of Clevite are now included in ASG.

FOR MORE INFORMATION

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