Table of Contents

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, 2001 | 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
Common stock, $1 par value	New York Stock Exchange and Pacific Exchange

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 15, 2002, was approximately $2,438,000,000.

There were 148,569,939 shares of registrant's common stock, $1 par value, outstanding at February 15, 2002.

DOCUMENTS INCORPORATED BY REFERENCE

Document	**Where Incorporated**
Annual Report to Shareholders for year ended December 31, 2001.	Parts I, II, IV
Proxy Statement for Annual Meeting of Shareholders to be held on April 3, 2002.	Part III

TABLE OF CONTENTS

Cover
Index
PART I
- ITEM 1 — BUSINESS
- ITEM 2 — PROPERTIES
- ITEM 3 — LEGAL PROCEEDINGS
- ITEM 4 — SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

PART II
- ITEM 5 — MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS
- ITEM 6 — SELECTED FINANCIAL DATA
- ITEM 7 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
- ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
- ITEM 8 — FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
- ITEM 9 — CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

PART III
- ITEM 10 — DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT
- ITEM 11 — EXECUTIVE COMPENSATION
- ITEM 12 — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
- ITEM 13 — CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

SIGNATURES
EXHIBIT INDEX
EX-3-B: BY-LAWS
EX-10G:COLLATERAL ASSIGNMENT SPLIT-DOLLAR INS AGMT
EX-10-L: RETIREMENT BONUS AGREEMENT
EX-10-M: CONSULTING AGREEMENT
EX-13: SECTIONS OF THE 2001 ANNUAL REPORT
EX-21: SUBSIDIARIES
EX-23: CONSENT OF PRICEWATERHOUSECOOPERS LLP
EX-24: POWER OF ATTORNEY

TABLE OF CONTENTS
DANA CORPORATION — FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

		10-K Pages
Cover		1
Table of Contents		2
Part I		
	Item 1 – Business	3-10
	Item 2 – Properties	11
	Item 3 – Legal Proceedings	11
	Item 4 – Submission of Matters to a Vote of Security Holders	11
Part II		
	Item 5 – Market for Registrant's Common Equity and Related Stockholder Matters	12
	Item 6 – Selected Financial Data	12
	Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations	12
	Item 7A – Quantitative and Qualitative Disclosures About Market Risk	12
	Item 8 – Financial Statements and Supplementary Data	12
	Item 9 – Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	12
Part III		
	Item 10 – Directors and Executive Officers of the Registrant	13
	Item 11 – Executive Compensation	13
	Item 12 – Security Ownership of Certain Beneficial Owners and Management	13
	Item 13 – Certain Relationships and Related Transactions	13
Part IV		
	Item 14 – Exhibits, Financial Statement Schedules and Reports on Form 8-K	14
Signatures		15
Exhibit Index		22-28
Exhibits		

PART I

ITEM 1 — BUSINESS

Dana was founded in 1904 as the first supplier of universal joints to the automotive industry. Today, we are one of the world's largest independent suppliers of components, modules and systems to global vehicle manufacturers and related aftermarkets. Our products are sold to the automotive, commercial vehicle, and off-highway markets, and are used in the manufacturing of passenger cars and vans, light trucks, sport-utility vehicles (SUVs), and medium and heavy duty vehicles, as well as in a range of off-highway applications. Each of the markets we serve consists of original equipment (OE) production, OE service, and aftermarket segments. Each of these businesses has a strong market position and brand equity and provides our customers with value-added manufacturing. We have long been a leader in technological innovation in our industry and many of our products possess features that are unique and patented. As evidenced by our numerous supplier quality awards, we are highly focused on product quality, as well as delivery and service. As a result, we have developed long-standing business relationships with many of the thousands of customers that we serve worldwide.

In order to optimally align our foundation businesses with the markets they support, our operations are organized into the following market-focused strategic business units (SBUs):

- Automotive Systems Group (ASG) — ASG 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. ASG generated sales of $3.7 billion in 2001. The group has over 120 facilities and employs over 21,000 people in 23 countries. Among this group's largest customers are Ford, DaimlerChrysler and General Motors.

- Automotive Aftermarket Group (AAG) — AAG sells primarily 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. In addition, it sells electrical, brake, power transmission, steering and suspension system components in the United Kingdom and continental Europe. AAG generated sales of $2.5 billion in 2001. AAG has over 120 facilities and over 19,000 people in 26 countries. Among this group's largest customers are Genuine Parts/NAPA, CARQUEST and AutoZone.

- Engine and Fluid Management Group (EFMG) — EFMG serves the automotive, light to heavy truck, leisure and outdoor power equipment and industrial markets with sealing products, internal engine hard parts, electronic modules, sensors, and an extensive line of products for the pumping, routing and thermal management of fluid systems. EFMG was formed in December 2001, by combining the former Engine Systems Group (ESG) and Fluid Systems Group (FSG). EFMG generated sales of $2.1 billion in 2001. The group has over 120 facilities and over 20,000 people in 17 countries. Among this group's largest customers are Ford, DaimlerChrysler and General Motors.

- Commercial Vehicle Systems (CVS) — CVS is a major supplier of heavy axles and brakes, drivetrain components, and trailer products to the medium and heavy truck markets. It also assembles modules and systems for heavy trucks. CVS generated sales of $1.1 billion in 2001. The group has 20 facilities and over 4,000 people in eight countries. Among this group's largest customers are Volvo/Renault V.I./Mack, PACCAR and Navistar International.

- Off-Highway Systems Group (OHSG) — OHSG sells axles and brakes, transaxles, power-shift transmissions, torque converters and electronic controls to the construction, agriculture, mining, specialty chassis, outdoor power, material handling, forestry and leisure/utility equipment markets. OHSG generated sales of $621 million in 2001. OHSG has 13 facilities and over 3,000 people in seven countries. Among this group's largest customers are Manitou, AGCO and Sandvik Tamrock.

For some time, we have also been a leading provider of lease financing services in selected markets through our wholly-owned subsidiary, Dana Credit Corporation (DCC). With an asset base of $2.3 billion at the end of 2001, DCC and its subsidiaries provide leasing and financing services to selected markets primarily in the U.S., Canada, the United Kingdom and continental Europe. In October 2001, we determined that the sale of DCC's businesses would allow us to focus on our foundation businesses and create an opportunity for DCC's businesses to enhance their competitive positions within other corporate structures. We are presently pursuing the sale of the businesses of DCC.

This SBU alignment reflects our SBU structure at the end of 2001. Several changes were made to the SBUs during 2001, the most significant of which was the combination of the Engine Systems Group and the Fluid Systems Group to form the Engine and Fluid Management Group. You can find more information in "Note 13. Business Segments" on pages 27 – 29 of our 2001 Annual Report.

ACQUISITION AND DIVESTITURE SUMMARY

For information regarding acquisitions and divestitures completed in 2001 see “Note 18. Acquisitions” and “Note 19. Divestitures” on page 32 of our 2001 Annual Report.

STRATEGY

Our overall strategic direction is set out in our Transformation 2005 business plan. Our goals under this plan represent an increased emphasis on anticipating the needs of our markets and serving our customers. The following are key elements of our plan:

Focus and Expand Foundation Businesses. We believe that our foundation businesses are the key to the long-term profitable growth of our company. These businesses have leading market positions and brand equity and provide our customers with value-added solutions and products. In connection with the restructuring actions announced last October, we are accelerating the alignment of these businesses with the markets they serve. As our OE customers target improved asset utilization, speed to market, lower cost, lower investment risk, and greater flexibility, they increasingly look for outsourcing alternatives. We expect that our global presence and technological and engineering capabilities, as well as our experience, scale of operations and long-standing relationships with major OE customers, will enable us to continue to take advantage of this opportunity. We have been awarded net new business that is projected, based on our review of our customers’ production estimates, to add approximately $6 billion in total revenues from 2002 through 2006. We are encouraged by the new awards, especially since they include business not only with our traditional U.S.-based OE customers, but also with OEs based outside the United States.

Focus on Capital and Operating Efficiency. We continue to focus on opportunities to optimize our resources and reduce manufacturing costs. We have undertaken initiatives to maximize our return on invested capital and to improve cash flow. We expect the combination of our ESG and FSG business units to improve our capital efficiency and we are continuing to explore opportunities to better leverage the combined manufacturing, engineering and support capabilities of our CVS and OHSG units. On the operational side, we are focused on outsourcing non-core manufacturing activity, reducing working capital and managing for cash.

Evaluate Strategic Alliances, Joint Ventures and Selected Divestiture and Acquisition Opportunities. Among the keys to our business model is the concept of capitalizing on strategic alliances and joint ventures. Such relationships offer opportunities to expand our capabilities with a reduced level of investment and enhance our ability to provide the full scope of services required by our customers. We have formed a number of innovative alliances, starting with our Roadranger™ marketing program with Eaton Corporation, which has been highly successful in leveraging our collective strengths to market Dana and Eaton products for heavy truck drivetrain systems. We also have strategic alliances with GETRAG Cie, to strengthen our portfolio of advanced axle technologies; Motorola Inc., to integrate its electronic expertise into the development of advanced technology for traditionally mechanical components; and Bühler Motor Inc., to provide advanced automotive motor-module technologies and manufacturing expertise to support our product applications. We continue to evaluate potential strategic alliances and joint ventures in order to gain access to advanced technology, strengthen our market position and our global presence and reduce our overall manufacturing costs.

In October 2001, we determined that the sale of DCC’s business would allow us to focus on our foundation businesses and we are currently pursuing the sale of the DCC businesses. We are also continuing to evaluate other non-core operations for divestiture.

We also evaluate potential acquisition candidates that have product platforms complementary to our foundation businesses, strong operating potential and strong existing management teams. Although our current focus is on divestitures, we believe that targeted acquisitions will help us achieve our long-term objectives. We have substantial experience in completing and integrating acquisitions that have provided us with opportunities to reduce costs and improve operational efficiency through synergies in manufacturing processes, coordination of raw material purchases, rationalization of administrative staff, and technical capabilities.

Table of Contents

2001 OVERVIEW

We began the year 2001 experiencing the fluctuations in production runs that resulted from our original equipment (OE) customers trying to balance existing inventories and production schedules with the demands of an uncertain marketplace. Our efforts were focused on trying to scale our businesses to levels that would get us below conservative estimates for production and avoid the underabsorption of overhead that adversely affected our operating results in 2000. The second quarter provided the first signs that production schedules, while well below prior year levels, might be returning to more predictable patterns and that the efforts to downsize our operations were having a positive effect. Sales in our Automotive Systems Group rose 5% over the first quarter after falling 25% during the four previous quarters. Our automotive aftermarket business also reported measurable sales growth for the first time since the middle of 1999, and consolidated profit after tax increased substantially from the first quarter on a modest overall sales gain.

The optimism generated during the second quarter faded as we moved through the third quarter. Dealer inventory of light vehicles, especially models that are key to Dana, was increasing again despite increased incentives, and additional days were carved out of OE production schedules already reduced by seasonal closings. Hopes for a general recovery in the economy, which would have benefited the vehicular markets, were swept away in the days following September 11. The terrorist attacks resulted in immediate changes in how people and products were transported, especially movement across international borders. For a period of time, production schedules based on just-in-time deliveries were severely impacted by the delays resulting from increased security. The United States acknowledged that its economy was in a recession and consumer confidence declined amid uncertainty as to how long the weakness would last.

We faced the extraordinary challenges posed by the situation by making a number of difficult decisions that were necessary to properly align our resources with customer demand, ensure an adequate return on committed capital and preserve cash. In October, we initiated a review of our operations which led to the announcement discussed below.

RESTRUCTURING

On October 17, 2001, we announced plans to accelerate the restructuring of our operations and to reduce our workforce globally by more than 15%. More than 30 facilities have been reviewed for consolidation or closure. We currently expect that the after-tax charges in relation to this restructuring will total approximately $445 million. About 63% of these charges were incurred in the fourth quarter of 2001, with the balance expected to be incurred in 2002. We expect that 34% of these charges will be non-cash; most of the cash portion will be severance costs related to the workforce reduction. We anticipate that 79% of the charges will be related to our North American operations. We estimate that 58% of the charges will be incurred by our business units primarily serving the light vehicular OE marketplace (ASG and EFMG) and 25% will be incurred by AAG. We are also pursuing the sale of the businesses of DCC. Although we are presently unable to estimate the proceeds from this sale, we do not expect to incur a loss in relation to the sale.

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 our SBUs.

Our operations are located in the following countries (shown by the regions in which we administer them):

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

Our non-U.S. subsidiaries and affiliates manufacture and sell a number of products similar to those we produce in the U.S. In addition to normal business risks, operations outside the U.S. may be subject to a greater risk of changing political, economic and social environments, changing governmental laws and regulations, currency revaluations and market fluctuations.

Consolidated non-U.S. sales were $3.4 billion, or 33% of our 2001 consolidated sales. Including U.S. exports of $649 million, non-U.S. sales accounted for 39% of 2001 consolidated sales. Non-U.S. net income was $10 million, as compared to a consolidated net loss of $298 in 2001. This amount includes $24 million of equity in earnings of non-U.S. affiliates in 2001.

You can find more information about regional operating results in “Note 13. Business Segments” on pages 27 — 29 of our 2001 Annual Report.

Table of Contents

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 2001. We have been supplying products to these companies and their subsidiaries for many years. Sales to Ford, as a percentage of total sales, were 16%, 19% and 18% in 1999, 2000 and 2001, and sales to DaimlerChrysler were 14%, 14% and 11%. 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.

Ford, DaimlerChrysler and some of our other customers periodically ask us to reduce the prices of our products to them. We discuss cost saving measures with these customers on an ongoing basis, but cannot assure that we will be able to maintain or improve our historical levels of profitability in light of these requests.

PRODUCTS

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

	Percentage of Consolidated Sales		
	1999	**2000**	**2001**
Types of Products			
Axle	32%	33%	31%
Driveshaft	8	9	10
Brake	12	11	13
Other engine	10	9	9
Fluid systems	8	8	8
Structural	6	7	6
Bearings and sealing	7	7	7
Filtration	4	5	6
	87	89	90
Other	13	11	10
	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 of the raw materials (such as steel) and semi-processed or finished items (such as forgings and castings) used in our products are purchased from 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 and historically those schedules have been strongest in the first two quarters of the year.

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. In connection with our October 2001 restructuring plan, we have been evaluating the production capacity for many of our products and the potential for outsourcing non-core content. During the fourth quarter of 2001, we announced the closure of 21 facilities, and we expect to announce additional closures in 2002 as we continue to implement this plan. These actions will enable us to eliminate excess capacity and lower our breakeven point.

COMPETITION

Our foundation businesses compete worldwide with a number of other manufacturers and distributors which produce and sell similar products. These competitors include Visteon and Delphi, large parts manufacturers that previously were vertically-integrated units of Ford and General Motors, and a number of other U.S. and non-U.S. suppliers. Our traditional U.S.-based 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 financing 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 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 these patents 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®, Perfect Circle®, FTE®, Victor Reinz®, Wix®, Weatherhead®, Boston®, Aimco®, Clevite®, Glacier® and Vandervell® trademarks, among others, are widely recognized in their respective industries.

RESEARCH AND DEVELOPMENT

Our objective is to be a 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 our 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 $290 million in 1999, $287 million in 2000 and $260 million in 2001.

EMPLOYMENT

Our worldwide employment (including consolidated subsidiaries) was approximately 70,000 at December 31, 2001.

Table of Contents

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 2001. 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 21 and under “Note 17. Commitments and Contingencies” on page 31 of our 2001 Annual Report.

[Table of Contents](#)

EXECUTIVE OFFICERS

The following table contains information about our current executive officers. The first four persons listed in the table are the members of our Policy Committee, which is responsible for our corporate strategies and partnership relations, as well as the development of our people, policies and philosophies.

Name	Age*	Title
Joseph M. Magliochetti	59	Chairman of the Board, Chief Executive Officer, President and Chief Operating Officer
Robert C. Richter	50	Vice President and Chief Financial Officer, Chairman — Dana Credit Corporation
William J. Carroll	57	President — Automotive Systems Group
Marvin A. Franklin, III	54	President — Dana International & Global Initiatives
Bernard N. Cole	59	President — Commercial Vehicle Systems and Off-Highway Systems Group
Michael L. DeBacker	55	Vice President, General Counsel and Secretary
Rodney R. Filcek	49	Vice President — Finance
Charles F. Heine	49	President — Technology Development and Diversified Products
Charles W. Hinde	63	Vice President, Chief Accounting Officer and Assistant Treasurer
James M. Laisure	50	President — Engine and Fluid Management Group
Terry R. McCormack	51	President — Automotive Aftermarket Group
J. Ismael Melgar	54	President — Traction Technologies Group
Kevin P. Moyer	44	Vice President and Director of e-Business

* At February 12, 2002

Joseph M. Magliochetti has been Chairman of the Board since 2000 and a director since 1996, Chief Executive Officer since 1999, Chief Operating Officer since 1997, and President since 1996.

Robert C. Richter has been Vice President and Chief Financial Officer since 1999, and Chairman — Dana Credit Corporation since February 1, 2002. He was previously Vice President — Finance and Administration, 1998-99; Vice President — Administration, 1997-98; General Manager — Perfect Circle Sealed Power Europe, 1997; and Vice President and General Manager — Perfect Circle Europe, 1994-97.

William J. Carroll has been President — Automotive Systems Group and Chairman of DTF Trucking, Inc. since 1997. He was previously 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 Dana subsidiary in Canada), 1995-97, and President, 1993-97.

Marvin A. Franklin, III has been President — Dana International & Global Initiatives since 2000. He was previously President — Dana International, 1997-2000, and President — Dana Europe, 1993-97.

Bernard N. Cole has been President — Off-Highway Systems Group since 1997 and President — Commercial Vehicle Systems since February 15, 2002. He has also been Chairman of Dana India Pvt. Ltd. since 2001. He was previously President — Structural Components Group, 1995-97.

Michael L. DeBacker has been Vice President since 1994 and General Counsel and Secretary since 2001. He was previously Assistant General Counsel, 1986-2001.

Rodney R. Filcek has been Vice President — Finance since 1999. He was previously Executive Vice President and Chief Financial Officer of Dana Credit Corporation, 1995-99.

Charles F. Heine has been President — Technology Development and Diversified Products since November 2001. He was previously President — Engine Systems Group, 1998-2001; and President — Dana Asia/Pacific, 1996-98.

Charles W. Hinde has been Vice President and Chief Accounting Officer since 1992 and Assistant Treasurer since 1986.

James M. Laisure has been President — Engine and Fluid Management Group since November 2001. He was previously President — Fluid Systems Group, 2000-01; Group Vice President — Fluid Systems Group, 1999-2000; and Vice President — Modules and Systems Group, 1996-99.

Terry R. McCormack has been President — Automotive Aftermarket Group since 2000. He was previously President of Wix Worldwide Filtration in 2000; Vice President and General Manager — Wix Division — North America, 1998-2000; and Vice President — Distribution Services Division, 1996-98, and General Manager, 1995-98.

J. Ismael Melgar has been President — Traction Technologies Group since 2000. He was previously Vice President — Automotive Axle Products in 2000; Vice President — Driveshaft Products, 1997-2000; Vice President — Ancom Operations (Colombia and Venezuela), 1995-97; and Executive President, Metalcon C.A. (now C.A. Danaven, a Dana subsidiary in Venezuela), 1993-97.

Kevin P. Moyer has been Vice President and Director of e-Business since 2000. He was previously President of Dana Asia/Pacific, 1998-2000, and President of Capital Group, Dana Credit Corporation, 1995-98.

Directors are elected at the annual meeting of shareholders and hold office until the next annual meeting or until their successors are elected. Some of the above officers are elected by the Board annually at its first meeting after the annual meeting of shareholders, as provided in our By-Laws, and hold office until their successors are elected. The others are appointed by the Board or designated by the Chief Executive Officer from time to time.

Table of Contents

ITEM 2 — PROPERTIES

As shown in the following table, at December 31, 2001, we had more than 430 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

Type of Facility	North America	Europe	South America	Asia/ Pacific	Total
Manufacturing	152	62	44	11	269
Distribution	37	13	40	3	93
Service branches, offices	49	10	6	4	69
Total	238	85	90	18	431

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.

You can find more information about our legal proceedings under “Note 17. Commitments and Contingencies” on page 31 of our 2001 Annual Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 34 - 42 of our 2001 Annual Report.

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

- None -

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 15, 2002, there were approximately 37,000 shareholders of record.

We have paid quarterly cash dividends on our common stock since 1942. You can find more information about payments in the past two years in "Shareholders' Investment" on page 46 of our 2001 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 47 of our 2001 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 34 — 42 of our 2001 Annual Report.

In the discussion of our $400 accounts receivable securitization program in "Liquidity and Capital Resources" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 34 of our 2001 Annual Report, we indicated that if our credit ratings were lowered beyond certain levels specified in the program agreement, the lenders would have the option to terminate the program. As of February 22, 2002, we were rated BB by Standard & Poor's Rating Services (S&P) and Ba3 by Moody's Investors Service (Moody's). At these ratings, a downgrade of two levels by S&P or any downgrade by Moody's would entitle the lenders to terminate the program.

ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

You can find market risk information in "Financial Instruments," "Derivative Financial Instruments" and "Cash and Marketable Securities" under "Note 1. Summary of Significant Accounting Policies" on pages 20 — 22, in "Note 7. Interest Rate Agreements" on page 24, in "Note 16. Fair Value of Financial Instruments" on page 31 of our 2001 Annual Report and in "Liquidity and Capital Resources" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 34-37 of our 2001 Annual Report.

ITEM 8 — FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

You can find our financial statements and the report by PricewaterhouseCoopers LLP dated February 11, 2002, on pages 15 — 33 and "Unaudited Quarterly Financial Information" on page 46 of our 2001 Annual Report.

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

- None -

PART III

ITEM 10 — DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

You can find general information about our directors and nominees under “Election of Directors” on pages 1 — 2 in our 2002 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 18 in our 2002 Proxy Statement.

ITEM 11 — EXECUTIVE COMPENSATION

You can find information about executive compensation in the following sections of our 2002 Proxy Statement: “Compensation” on pages 4 — 5 under “The Board and its Committees,” “Executive Compensation” on pages 7 — 13 and “Compensation Committee Report on Executive Compensation” on pages 14 — 16.

You can find information about our stock performance under “Comparison of Five-Year Cumulative Total Return” on page 17 of our 2002 Proxy Statement.

ITEM 12 — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

You can find information about the stock ownership of our directors and nominees, officers and 5% stockholders under “Stock Ownership” on pages 5 — 6 of our 2002 Proxy Statement.

ITEM 13 — CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

You can find information about transactions between Dana and our directors and nominees, officers and 5% stockholders under “Other Transactions” on page 17 of our 2002 Proxy Statement.

PART IV

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

			Annual Report Pages
(a)	The following documents are filed as part of this report:		
	(1)	Financial Statements:	
		Report of Independent Accountants	15
		Statement of Income for each of the three years in the period ended December 31, 2001	16
		Balance Sheet at December 31, 2000 and 2001	17
		Statement of Cash Flows for each of the three years in the period ended December 31, 2001	18
		Statement of Shareholders' Equity for each of the three years in the period ended December 31, 2001	19
		Notes to Financial Statements	20 - 33
		Unaudited Quarterly Financial Information	46
			10-K Pages
	(2)	Financial Statement Schedule:	
		Report of Independent Accountants on Financial Statement Schedule for the three years ended December 31, 2001	16
		Valuation and Qualifying Accounts and Reserves (Schedule II)	17 - 20
		Supplementary Information — Commitments and Contingencies	21
		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"	22 - 28
		Exhibits Nos. 10-A through 10-M are management contracts or compensatory plans or arrangements required to be filed pursuant to Item 14(c) of this report	

(b) During the quarter ended December 31, 2001, we filed a report on Form 8-K on December 20, 2001, reporting that Dana had entered into a new 364-day revolving credit facility and amended its long-term credit facility that matures on November 15, 2005. In the first quarter of 2002, we filed a report on Form 8-K on January 9, 2002, reporting on remarks of Dana's Chief Financial Officer at a presentation at the Detroit Auto Conference 2002.

[Table of Contents]

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:	February 22, 2002	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:	February 22, 2002		/s/ Joseph M. Magliochetti
			Joseph M. Magliochetti, Chairman of the Board and Chief Executive Officer
Date:	February 22, 2002		/s/ Robert C. Richter
			Robert C. Richter, Chief Financial Officer
Date:	February 22, 2002		/s/ Charles W. Hinde
			Charles W. Hinde, Chief Accounting Officer
Date:	February 22, 2002		*/s/ B.F. Bailar
			B.F. Bailar, Director
Date:	February 22, 2002		*/s/ A.C. Baillie
			A.C. Baillie, Director
Date:	February 22, 2002		*/s/ E.M. Carpenter
			E.M. Carpenter, Director
Date:	February 22, 2002		*/s/ E. Clark
			E. Clark, Director
Date:	February 22, 2002		*/s/ G.H. Hiner
			G.H. Hiner, Director
Date:	February 22, 2002		*/s/ M.R. Marks
			M.R. Marks, Director
Date:	February 22, 2002		*/s/ R.B. Priory
			R.B. Priory, Director
Date:	February 22, 2002		*/s/ F.M. Senderos
			F.M. Senderos, Director
		*By:	/s/ Michael L. DeBacker
			Michael L. DeBacker, Attorney-in-Fact

Report of Independent Accountants on
Financial Statement Schedule

To the Board of Directors and Shareholders
of Dana Corporation

Our audits of the consolidated financial statements referred to in our report dated February 11, 2002 appearing in the 2001 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.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Toledo, Ohio
February 11, 2002

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, 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
December 31, 2001	41,970,000	25,899,984	(21,338,232)	(1,471,718)	45,060,034

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	Amounts charged (credited) to income (1)	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, 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
December 31, 2001	42,696,000	(10,324,000)	(1,151,000)	(7,000)	31,214,000

(1) During 2001, the factors used to estimate future credit losses related to lease financing receivables were refined to more accurately reflect the past history of credit losses and the inherent risks of the portfolio. The allowance for credit losses was reduced as a result of the refinement, resulting in a net credit provision for credit losses on lease financing receivables for the year ended December 31, 2001.

Table of Contents

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, 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
December 31, 2001	102,100,000	25,500,000			127,600,000

Table of Contents

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SCHEDULE II(d) — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

ALLOWANCE FOR LOAN LOSSES

	Beginning Balance	Additions charged to expense	Write-Off	Write-Off Recoveries	Year end Balance
Year ended –					
December 31, 1999	$1,597,000	$ 390,000	$ (58,000)		$1,929,000
December 31, 2000	1,929,000	9,910,000	(3,984,000)	$ 6,000	7,861,000
December 31, 2001	7,861,000	2,818,000	(6,464,000)	10,000	4,225,000

Table of Contents

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 31 of our 2001 Annual Report and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 34-42 of our 2001 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 about our accounting for such claims in “Environmental Compliance and Remediation” under “Note 1. Summary of Significant Accounting Policies” on page 20 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 34-42 of our 2001 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, 2001, approximately 100,000 such claims were outstanding, of which approximately 27,000 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 about our accounting for product liability claims under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 34-42 of our 2001 Annual Report.

Table of Contents

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, adopted February 12, 2002, effective April 3, 2002	Filed with this Report
4-A	Specimen Single Denomination Stock Certificate	Filed by reference to Exhibit 4-B to our 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
4-H	Issuing and Paying Agent Agreement between Dana Credit Corporation (DCC), as Issuer, and Bankers Trust Company, Issuing and Paying agent, dated as of December 6, 1999, with respect to DCC's $500 million medium-term notes program	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-I	Note Agreement dated April 8, 1997, by and between Dana Credit Corporation and Metropolitan Life Insurance Company for 7.18% notes due April 8, 2006, in the principal amount of $37 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.

No.	Description	Method of Filing
4-J	Note Agreement dated April 8, 1997, by and between Dana Credit Corporation and Texas Life Insurance Company for 7.18% notes due April 8, 2006, in the principal amount of $3 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-K	Note Agreement dated April 8, 1997, by and between Dana Credit Corporation and Nationwide Life Insurance Company for 6.93% notes due April 8, 2006, in the principal amount of $35 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-L	Note Agreement dated April 8, 1997, by and between Dana Credit Corporation and The Great-West Life & Annuity Insurance Company for 7.03% notes due April 8, 2006, in the aggregate principal amount of $13 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-M	Note Agreement dated April 8, 1997, by and between Dana Credit Corporation and The Great-West Life Assurance Company for 7.03% notes due April 8, 2006, in the principal amount of $7 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-N	Note Agreements (three) dated August 28, 1997, by and between Dana Credit Corporation and Connecticut General Life Insurance Company for 6.79% notes due August 28, 2004, in the aggregate principal amount of $16 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-O	Note Agreement dated August 28, 1997, by and between Dana Credit Corporation and Life Insurance Company of North America for 6.79% notes due August 28, 2004, in the principal amount of $4 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-P	Note Agreement dated August 28, 1997, by and between Dana Credit Corporation and The Northwestern Mutual Life Insurance Company for 6.88% notes due August 28, 2006, in the principal amount of $20 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-Q	Note Agreements (four) dated August 28, 1997, by and between Dana Credit Corporation and Sun Life Assurance Company of Canada for 6.88% notes due August 28, 2006, in the aggregate principal amount of $9 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-R	Note Agreement dated August 28, 1997, by and between Dana Credit Corporation and Massachusetts Casualty Insurance Company for 6.88% notes due August 28, 2006, in the principal amount of $1 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.

Table of Contents

No.	Description	Method of Filing
4-S	Note Agreements (four) dated December 18, 1998, by and between Dana Credit Corporation and Sun Life Assurance Company of Canada for 6.59% notes due December 1, 2007, in the aggregate principal amount of $12 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-T	Note Agreements (five) dated December 18, 1998, by and between Dana Credit Corporation and The Lincoln National Life Insurance Company for 6.59% notes due December 1, 2007, in the aggregate principal amount of $25 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-U	Note Agreement dated December 18, 1998, by and between Dana Credit Corporation and The Northwestern Mutual Life Insurance Company for 6.48% notes due December 1, 2005, in the principal amount of $15 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-V	Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and Connecticut General Life Insurance Company for 7.91% notes due August 16, 2006, in the principal amount of $15 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-W	Note Agreements (two) dated August 16, 1999, by and between Dana Credit Corporation and The Northwestern Mutual Life Insurance Company for 7.91% notes due August 16, 2006, in the aggregate principal amount of $15 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-X	Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and Allstate Life Insurance Company for 7.58% notes due August 16, 2004, in the principal amount of $10 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-Y	Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and Allstate Insurance Company for 7.58% notes due August 16, 2004, in the principal amount of $5 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-Z	Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and New York Life Insurance and Annuity Corporation Institutionally Owned Life Insurance Separate Account for 7.58% notes due August 16, 2004, in the principal amount of $5 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.

Table of Contents

No.	Description	Method of Filing
4-AA	Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and New York Life Insurance and Annuity Corporation for 7.58% notes due August 16, 2004, in the principal amount of $10 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-BB	Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and Principal Life Insurance Company for 7.58% notes due August 16, 2004, in the principal amount of $30 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-CC	Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and First Trenton Indemnity Company for 7.58% notes due August 16, 2004, in the principal amount of $2.5 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-DD	Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and Travelers Casualty and Surety Company for 7.58% notes due August 16, 2004, in the principal amount of $10 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-EE	Note Agreement dated August 16, 1999, by and between Dana Credit Corporation and The Travelers Insurance Company for 7.58% notes due August 16, 2004, in the principal amount of $2.5 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-FF	Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and Allstate Life Insurance Company for 7.42% notes due December 15, 2004, in the principal amount of $14 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-GG	Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and Columbia Universal Life Insurance Co. for 7.42% notes due December 15, 2004, in the principal amount of $1 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-HH	Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and The Northwestern Mutual Life Insurance Company for 7.42% notes due December 15, 2004, in the principal amount of $14 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-II	Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and The Northwestern Mutual Life Insurance Company for its Group Annuity Separate Account for 7.42% notes due December 15, 2004, in the principal amount of $1 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.

No.	Description	Method of Filing
4-JJ	Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and Pacific Life and Annuity Company for 7.42% notes due December 15, 2004, in the principal amount of $5 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-KK	Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and United Life Insurance Company for 7.42% notes due December 15, 2004, in the principal amount of $3 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-LL	Note Agreement dated December 7, 1999, by and between Dana Credit Corporation and Companion Life Insurance Company for 7.42% notes due December 15, 2004, in the principal amount of $2 million	This exhibit is not filed. We agree to furnish a copy of this exhibit to the Commission upon request.
4-MM	Indenture between Dana, as Issuer, and Citibank, N.A., as Trustee and as Registrar and Paying Agent for the Dollar Securities, and Citibank, N.A., London Branch, as Registrar and a Paying Agent for the Euro Securities, dated as of August 8, 2001, relating to $575 million of 9% Notes due August 15, 2011 and €200 million of 9% Notes due August 15, 2011	Field by reference to Exhibit 4-I to our Form 10-Q for the quarter ended June 30, 2001
4-MM(1)	Form of Rule 144A Dollar Global Notes, Rule 144A Euro Global Notes, Regulation S Dollar Global Notes, and Regulation S Euro Global Notes (form of initial securities)	Filed by reference to Exhibit A to Exhibit 4-I to our Form 10-Q for the quarter ended June 30, 2001
4-MM(2)	Form of Rule 144A Dollar Global Notes, Rule 144A Euro Global Notes, Regulation S Dollar Global Notes, and Regulation S Euro Global Notes (form of exchange securities)	Filed by reference to Exhibit B to Exhibit 4-I to our Form 10-Q for the quarter ended June 30, 2001
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

Table of Contents

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 by reference to Exhibit 10-E to our Form 10-K for the year ended December 31, 2000
10-F	Change of Control Agreement between Dana and W.J. Carroll. There are substantially similar agreements with B.N. Cole, M.L. DeBacker, M.A. Franklin, C.F. Heine, J.M. Laisure, T.R. McCormack, and R.C. Richter.	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 R.C. Richter.	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
10-L	Retirement Bonus Agreement between Dana and E.J. Shultz	Filed with this Report
10-M	Consulting Agreement between Dana and E.J. Shultz	Filed with this Report

[Table of Contents](#)

No.	Description	Method of Filing
13	Those sections of our 2001 Annual Report that are referred to in this Form 10-K	Filed with this Report
21	Subsidiaries of Dana	Filed with this Report
23	Consent of PricewaterhouseCoopers LLP	Filed with this Report
24	Power of Attorney	Filed with this Report

Exhibit 3-B

Adopted 2-12-02
Effective 4-3-02

By-Laws of Dana Corporation

Article I. Effective Date

Section 1.1. Effective Date. These By-Laws are adopted by the Board of Directors (the “Board”) of Dana Corporation (“Dana”) effective April 3, 2002.

Article II. Offices

Section 2.1. Registered Office. Dana’s registered office shall be located at Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

Section 2.2. Business Office. Dana’s principal business office shall be located at 4500 Dorr Street, Toledo, Ohio 43615, with a mailing address of P.O. Box 1000, Toledo, Ohio 43697.

Article III. Shareholder Meetings

Section 3.1. Annual Meetings. Unless the Board fixes a different date, the annual meeting of shareholders of Dana to elect directors and to transact other business (if any) shall be held on the first Wednesday of April each year, at the time and place designated by the Board in the notice of meeting. The Board may postpone or cancel any annual meeting at any time prior to the designated meeting date and time by means of (i) a press release reported by the Dow Jones News, Associated Press or a comparable national news service, or (ii) a document filed with the Securities and Exchange Commission (“SEC”) (in either case, a “Public Announcement”).

Section 3.2. Special Meetings. Special meetings of shareholders may be called by the Board, the Chairman of the Board (the “Chairman”), or the President, to elect directors and/or transact such other business as is described in the notice of meeting, at the date, time and place designated therein. Notice of special meetings shall be given to shareholders in accordance with the Virginia Stock Corporation Act (“Virginia Law”). The Board may postpone or cancel any special meeting at any time prior to the designated meeting date and time by means of a Public Announcement. Only such business as is brought before the special meeting pursuant to Dana’s notice of meeting shall be conducted at the meeting.

Section 3.3. Shareholder Nominations and Proposals. In submitting nominations for persons to be elected as directors of Dana or proposals for other business to be presented at any shareholder meeting, shareholders shall comply with the following procedures and such other requirements as are imposed by Virginia Law and the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder

(the “Exchange Act”):

a. Delivery. Shareholder notices shall be addressed and delivered to the Secretary at Dana’s principal business office.

b. Timeliness.

i. Annual Meetings. Shareholder proposals to be included in Dana’s proxy materials for any annual meeting shall be submitted in accordance with the timeliness requirements of the Exchange Act. Other shareholder proposals and shareholder nominations for directors to be voted on at any annual meeting shall be delivered before the close of business on the 90th day before the anniversary date of the prior year’s annual meeting, or, if the meeting is called for a date not within 30 days before or after such anniversary date, before the close of business on the 10th day following the date on which the notice of the meeting was mailed or the date on which Dana first made a Public Announcement of the meeting date, whichever occurs first.

ii. Special Meetings. Shareholder proposals related to the business to be conducted at any special meeting and shareholder nominations for directors to be voted on at any special meeting at which directors are to be elected shall be delivered before the close of business on the 3rd day following the date on which the notice of the meeting was mailed or the date on which Dana first made a Public Announcement of the meeting date, whichever occurs first.

iii. Adjournments and Postponements. A Public Announcement of an adjournment or postponement of an annual or special meeting shall not commence a new time period for the giving of shareholder notices.

c. Contents. Shareholder notices shall contain the names and addresses (as they appear on the records of Dana’s transfer agent) of the shareholders and all beneficial owners on whose behalf the nomination or proposal is made, the class and number of Dana shares which are owned of record and beneficially by the shareholders and the beneficial owners, and a representation that the shareholders intend to appear in person or by proxy at the meeting to bring the proposal or nomination before the meeting. In addition, (i) shareholder nominations for directors shall contain the information about the director-nominees and about the nominating shareholders which is required to be disclosed in solicitations of proxies for the election of directors in an election contest or otherwise under the Exchange Act, and (ii) shareholder proposals shall contain a brief description of the proposed business to be presented, the reason for presenting such business at the meeting, and any material interests which the shareholders and the beneficial owners have in such business.

Section 3.4. Conduct of Meetings.

Section 3.4.1. Chairman and Procedures. Shareholder meetings shall be chaired by the Chairman of the Board or by such person as he or she may designate. The

chairman of the meeting shall determine and announce the rules of procedure for the meeting and shall rule on all procedural questions during the meeting.

Section 3.4.2. Proper Nominations and Business. Nominations for directors and other proposals shall be deemed properly brought before a shareholder meeting only when brought in accordance with Virginia Law, the Exchange Act, and this Article III. The chairman of the meeting shall determine whether each nomination or proposal has been properly brought and shall declare that any improperly brought nomination or proposal be disregarded.

Section 3.4.3. Adjournments. The chairman of any shareholder meeting, or the holders of a majority of the shares represented at the meeting (whether or not constituting a quorum), may adjourn the meeting from time to time. No further notice need be given if the adjournment is for a period not exceeding 120 days and the new date, time and place are announced at the adjourned meeting. Otherwise, notice shall be given in accordance with Virginia Law.

Article IV. Board of Directors

Section 4.1. Authority. The business and affairs of Dana shall be managed under the direction of the Board, and all of Dana's corporate powers shall be exercised by or pursuant to the Board's authority.

Section 4.2. Number and Term of Directors. The number of directors of Dana shall be ten. Each director shall hold office until the next annual meeting of shareholders and the election and qualification of his or her successor, or until his or her earlier retirement, resignation, or removal.

Section 4.3. Meetings and Notice.

Section 4.3.1. Regular Meetings. The Board shall hold regular meetings at such dates, times and places as it may determine from time to time, and no notice thereof need be given other than such determination. However, if the date, time or place of any regular meeting is changed, notice of the change shall be given to all directors by means of (i) a written notice mailed at least 5 calendar days before the meeting, (ii) a written notice delivered in person, by recognized national courier service, or by telecopy at least 1 business day before the meeting, or (iii) by telephone notification given at least 12 hours before the meeting.

Section 4.3.2. Special Meetings. The Board or the Chairman may call a special meeting of the Board at any date, time and place by causing the Secretary to give notice thereof to each director in the manner provided in Section 4.3.1. Neither the purpose of the meeting nor the business to be transacted need be specified in the notice of meeting, except for proposed amendments to these By-Laws.

Section 4.3.3. Telephonic Meetings. Members of the Board may participate in any Board meeting by means of conference telephone or similar communications equipment by means of which all meeting participants can hear each other, and such participation shall constitute presence in person at such meeting.

Section 4.3.4. Waiver of Notice. A director may waive any notice of meeting required under Virginia Law, Dana's Articles of Incorporation ("Dana's Articles") or these By-Laws, before or after the date and time set out in the notice, by signed written waiver submitted to the Secretary and filed with the minutes of the meeting. A director's attendance or participation at any meeting shall constitute a waiver of notice unless the director objects, at the beginning of the meeting or promptly upon his or her arrival, to holding the meeting or transacting business at the meeting, and thereafter does not vote on or assent to actions taken at the meeting.

Section 4.4. Action Without a Meeting. Any action required or permitted to be taken at a Board meeting may be taken without a meeting if the action is taken by all members of the Board. The action shall be evidenced by one or more written consents, signed by each director either before or after the action is taken. The action shall be effective when the last director signs his or her consent unless the consent specifies a different effective date, in which event the action taken will be effective as of the date specified therein provided that the consent states the date of execution by each director.

Section 4.5. Quorum, Board Action. A majority of the directors shall constitute a quorum of the Board. If a quorum is present when a vote is taken, the affirmative vote of the majority of directors present shall constitute the act of the Board; provided, that the authorization, approval or ratification of any transaction in which a director has a direct or indirect personal interest shall also be subject to the provisions of Virginia Law.

Section 4.6. Resignations. A director may resign at any time by giving written notice to the Board, the Chairman, the President or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon delivery and without Board action. A director's resignation shall not affect any contractual rights and obligations of Dana or the director, except as specified in any particular contract.

Section 4.7. Vacancies. The Board shall fill all vacancies, including those resulting from an increase in the number of directors, by majority vote of the remaining directors, whether or not such number constitutes a quorum.

Article V. Board Committees

Section 5.1. Establishment of Committees. The Board may, by amendment to the By-Laws, establish and dissolve Board Committees and establish and change the authority of such Committees; provided, that each Committee shall consist of two or

more directors (who shall serve thereon at the Board's pleasure) and shall have a chairman who is designated by the Board. Each Committee shall exercise such of the Board's powers as are authorized by the Board, subject to any limitations imposed by Virginia Law. The Board may, from time to time and without amendment to the By-Laws, change the membership or chairmanship of any Board Committee and fill any vacancies thereon or designate another director to act in the place of any Committee member who is absent or disqualified from voting at any meeting of the Committee.

Section 5.2. Standing Committees. The Board shall have the following Standing Committees:

a. Advisory Committee. The Advisory Committee shall make recommendations to the Board on matters relating to the qualifications of directors; the selection of nominees for election as directors at annual shareholder meetings and in filling Board vacancies; the selection and retention of elected officers and management succession; the cash and non-cash compensation of directors; the structure of the Board's Committees; the schedule and agenda for meetings of the Board and its Committees; the criteria for assessing the performance of the Board, its Committees, and the individual directors; and other Board governance matters. When the Board is not in session and when the Advisory Committee is convened by and meeting with the Chairman of the Board for such purpose, the Advisory Committee shall serve as an "executive committee" of the Board and shall have the full authority of the Board under Virginia Law.

b. Audit Committee. The Audit Committee shall periodically meet with Dana's financial and accounting management and independent auditors and accountants to review Dana's audit plans, financial reporting, internal controls, and significant issues relating to Dana's contingent liabilities, taxes and insurance programs. The Audit Committee shall provide oversight for Dana's audit programs and shall make recommendations to the Board on matters relating to the selection and retention of the independent auditors. The members of the Audit Committee shall not be employees of Dana.

c. Compensation Committee. The Compensation Committee shall make recommendations to the Board on matters relating to base salaries and other cash and non-cash compensation for senior management under those Dana executive benefit plans in effect from time to time which the Committee interprets and administers. The Compensation Committee shall maintain familiarity with generally accepted national and international compensation practices and may consult with such compensation consultants as it deems appropriate. In making its recommendations, the Compensation Committee shall endeavor to maintain the compensation of Dana's senior management at levels appropriate for Dana's size and business, the responsibilities and performance of the individuals, and Dana's performance. The members of the Compensation Committee shall qualify as "outside directors" under Internal Revenue Service Regulation §1.162-27 and shall not be employees of Dana.

d. Finance Committee. The Finance Committee shall review Dana's financial condition, liquidity (including aggregate corporate borrowings) and results of operations, and shall recommend to the Board appropriate courses of action with respect to Dana's financial performance and capital structure. Within parameters established with the Board, the Finance Committee shall review and approve management's recommendations on matters relating to major corporate actions (including fixed capital expenditures; acquisitions, investments, and divestitures; working capital programs; and issuances of equity and debt securities) and shall present such recommendations to the Board.

e. Funds Committee. The Funds Committee shall review the structure and allocation of assets in Dana's pension and other employee benefit funds and the performance of the fund managers, to assure that the funds are managed in compliance with applicable laws and regulations. In performing these advisory functions, the Funds Committee shall refrain from making specific investment recommendations. The Funds Committee shall review and approve management's recommendations on matters relating to the selection and retention of the investment managers.

Section 5.3. Committee Meetings and Procedures. Each Committee shall hold regular meetings at such dates, times and places as it may determine from time to time, and no notice thereof need be given other than such determination. Sections 4.3 through 4.5, which govern meetings, notices and waivers of notice, actions without meeting, and quorum and voting requirements for the Board and the directors, shall also apply to the Committees and their members. Each Committee shall keep written records of its proceedings and shall report such proceedings to the Board from time to time as the Board may require.

Section 5.4. Resignations. A Committee member may resign at any time by giving written notice to the Chairman of the Board. Unless otherwise specified in the notice, the resignation shall take effect upon delivery and without Board action.

Article VI. Officers

Section 6.1. Offices and Election. The Board shall elect the following officers annually at the first Board meeting following the annual shareholders meeting: the Chairman (who shall be a member of the Board), the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana International, the Chief Financial Officer, the Treasurer, the Secretary, and such Executive Vice Presidents, Vice Presidents, Assistant Treasurers and Assistant Secretaries as it deems appropriate. Any person may simultaneously hold more than one office. Each officer shall hold office until the election and qualification of his or her successor, or until his or her earlier resignation or removal. Election as an officer shall not, of itself, create any contractual rights in the officer or in Dana, including, without limitation, any rights in the officer for

compensation beyond his or her term of office.

Section 6.2. Removals and Resignations. Officers shall serve at the pleasure of the Board and may be removed from office by the Board at any time. An officer may resign at any time by giving written notice to the Chairman or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon delivery and without Board action. An officer's resignation shall not affect any contractual rights and obligations of Dana or the officer, except as specified in any particular contract.

Section 6.3. Duties of Officers. The officers shall perform the following duties and any others which are assigned by the Board from time to time, are required by Virginia Law, or are commonly incident to their offices:

a. Chairman of the Board. The Chairman shall provide leadership to the Board in discharging its functions; shall preside at all meetings of the Board; shall act as a liaison between the Board and Dana's management; and, with the Chief Executive Officer, shall represent Dana to the shareholders, investors and other external groups. If the Chairman is absent or incapacitated, the Chairman of the Advisory Committee shall have his or her powers and duties.

b. Chief Executive Officer. The Chief Executive Officer shall be Dana's principal executive officer, with responsibility for the general management of Dana's business affairs. The Chief Executive Officer shall develop and recommend to the Board long-term strategies for Dana, annual business plans and budgets to support those strategies, and plans for management development and succession that will provide Dana with an effective management team. He or she shall serve as Dana's chief spokesperson to internal and external groups. If the Chief Executive Officer is absent or incapacitated, the President shall have his or her powers and duties.

c. Chief Operating Officer. The Chief Operating Officer shall oversee the management of Dana's day-to-day business in a manner consistent with Dana's financial and operating goals and objectives, continuous improvement in Dana's products and services, and the achievement and maintenance of satisfactory competitive positions within Dana's industries.

d. President. The President shall have such duties as are assigned by the Chief Executive Officer. If the President is absent or incapacitated, the Chairman shall have his or her powers and duties.

e. President-Dana International. The President-Dana International shall have such duties as are assigned by the Chairman.

f. Chief Financial Officer. The Chief Financial Officer shall be responsible for the overall management of Dana's financial affairs.

g. Executive Vice Presidents and Vice Presidents. The Executive Vice Presidents and the Vice Presidents shall have such duties as are assigned by the Chairman.

h. Treasurer. The Treasurer shall have charge and custody of Dana's funds and securities and shall receive monies due and payable to Dana from all sources and deposit such monies in banks, trust companies, and depositories as authorized by the Board. If the Treasurer is absent or incapacitated and has not previously designated in writing another person or persons to have his or her powers and duties, any Assistant Treasurer shall have such powers and duties.

i. Secretary. The Secretary shall prepare and maintain minutes of all meetings of the Board and of Dana's shareholders; shall assure that notices required by these By-Laws, Dana's Articles, Virginia Law or the Exchange Act are duly given; shall be custodian of Dana's seal (if any) and affix it as required; shall authenticate Dana's records as required; shall keep or cause to be kept a register of the shareholders' names and addresses as furnished by them; and shall have general charge of Dana's stock transfer books. If the Secretary is absent or incapacitated and has not previously designated in writing another person or persons to have his or her powers and duties, any Assistant Secretary shall have such powers and duties.

j. Assistant Treasurers and Assistant Secretaries. The Assistant Treasurers and Assistant Secretaries shall have such duties as are assigned by the Treasurer and the Secretary, respectively.

Section 6.4. Contracts and Instruments. Except as limited in Section 6.5 with respect to Dana's guarantees of the indebtedness of subsidiaries, affiliates and third parties, each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana International, the Chief Financial Officer, any Executive Vice President, any Vice President, and the Treasurer shall have the power to enter into, sign (manually or through facsimile), execute, and deliver contracts (including, without limitation, bonds, deeds and mortgages) and other instruments evidencing Dana's rights and obligations on behalf of and in the name of Dana. Except as otherwise provided by law, any of these officers may delegate the foregoing powers to any other officer, employee or attorney-in-fact of Dana by written special power of attorney.

Section 6.5. Guarantees of Indebtedness.

Section 6.5.1. Debt of Wholly Owned Subsidiaries. Within any limitations set by the Board on total outstanding guarantees for Dana subsidiaries, each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, and the Treasurer shall have the power to approve guarantees by Dana of the indebtedness of direct and indirect wholly owned Dana subsidiaries.

Section 6.5.2. Debt of Non-Wholly Owned Subsidiaries, Affiliates, and Other Entities. Each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, and the Treasurer shall have the power to approve guarantees by Dana of the indebtedness of non-wholly owned Dana subsidiaries, Dana affiliates and third party entities; provided, that the aggregate amount of such guarantees made by these officers collectively between Board meetings may not exceed $10 million and that all such guarantees in the aggregate may not exceed any limitations set by the Board on total outstanding guarantees for Dana subsidiaries.

Section 6.6. Stock Certificates. The Chairman, the President, and the Secretary shall each have the power to sign (manually or through facsimile) certificates for shares of Dana stock which the Board has authorized for issuance.

Section 6.7. Securities of Other Entities. With respect to securities issued by another entity which are beneficially owned by Dana, each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana International, the Chief Financial Officer, any Executive Vice President, any Vice President, the Treasurer, and the Secretary shall have the power to attend any meeting of security holders of the entity and vote thereat; to execute in the name and on behalf of Dana such written proxies, consents, waivers or other instruments as they deem necessary or proper to exercise Dana's rights as a security holder of the entity; and otherwise to exercise all powers to which Dana is entitled as the beneficial owner of the securities. Except as otherwise provided by law, any of these officers may delegate any of the foregoing powers to any other officer, employee or attorney-in-fact of Dana by written special power of attorney.

Article VII. Indemnification

Section 7.1. Indemnification. Dana shall indemnify any of the following persons who was, is or may become a party to any "proceeding" (as such term is defined in Section 1 of Article SIXTH of Dana's Articles) to the same extent as if such person were specified as one to whom indemnification is granted in Section 3 of the foregoing Article SIXTH: (i) any Dana director, officer or employee who was, is, or may become a party to the proceeding by reason of the fact that he or she is or was serving at Dana's request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and (ii) any Dana employee who was, is, or may become a party to the proceeding by reason of the fact that he or she is or was an employee of Dana. In all cases, the provisions of Sections 4 through 7 of the foregoing Article SIXTH shall apply to the indemnification granted hereunder.

Article VIII. Dana Stock

Section 8.1. Lost Certificates. A shareholder claiming that any certificate for Dana stock has been lost or destroyed shall furnish the Secretary with an affidavit stating the facts relating to such loss or destruction. The shareholder shall be entitled to have a new certificate issued in the place of the certificate which is claimed to be lost or destroyed if (i) the affidavit is satisfactory to the Secretary, and (ii) if requested by the Secretary, the shareholder gives a bond (in form and amount satisfactory to the Secretary) to protect Dana and other persons from any liability or expense that might be incurred upon the issue of a new certificate by reason of the original certificate remaining outstanding.

Section 8.2. Rights Agreement. Any restrictions which are deemed to be imposed on the transfer of Dana securities by the Rights Agreement dated as of April 25, 1996, between Dana and Chemical Mellon Shareholder Services, L.L.C., or by any successor or replacement rights plan or agreement, are hereby authorized.

Section 8.3. Control Share Acquisitions. Article 14.1 of the Virginia Stock Corporation Act shall not apply to the acquisition of shares of Dana's common stock.

Article IX. Amendment

Section 9.1. Amendment. The Board, by resolution, or the shareholders may amend or repeal these By-Laws, subject to any limitations imposed by Dana's Articles and Virginia Law.

Exhibit 10-G

COLLATERAL ASSIGNMENT SPLIT-DOLLAR INSURANCE AGREEMENT

THIS AMENDED and RESTATED AGREEMENT made this 1st day of January, 2002, by and between Dana Corporation, a Virginia Corporation having its principal place of business in Toledo, Ohio (hereinafter the “Corporation”), and Joseph M. Magliochetti, (hereinafter the “Employee”).

W I T N E S S E T H

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 and the Corporation previously executed a Collateral Assignment Split-Dollar Insurance Agreement (“Previous Agreement”) on April 30, 1989, to provide the Employee with a permanent universal life insurance policy subject to the terms of the Previous Agreement; and

WHEREAS**,** the Employee and the Corporation desire to amend and restate the Previous Agreement in order to make several changes to the Previous Agreement; and

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

ARTICLE 1
OWNERSHIP OF THE POLICY

1.1 Employee as Owner. The Employee shall be the owner of the policy or policies (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”). 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 cash value of the Policy, to the extent of, but not in excess of, the amount set forth in Article 4.4 (hereinafter the “Corporate Interest”), and the right to pledge or assign the Corporate Interest as security for such loans or advances; and
(ii) the right to realize up to the Corporate Interest of the cash value of the Policy on the full or partial surrender of the Policy; and
(iii) the right to realize the proceeds of the Policy as set forth in Article 3.2 (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 Corporate Interest.

(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 exercise all non-forfeiture or lapse option rights permitted by the terms of the Policy; and
(iii) 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 Article 3.1 (hereinafter the “Employee’s Death Benefit Portion”); and
(iv) the right to elect any optional form of settlement available with respect to the Employee’s Death Benefit Portion; and
(v) the right to assign the Employee’s rights in and with respect to the Policy.

Notwithstanding any other provision in this Agreement, with the exception of the rights granted to the Employee in this Article 1.2(b), the Employee shall irrevocably waive all rights retained in the Policy until such time as this Agreement is terminated pursuant to Article 4.1 and payment of the Corporate Interest occurs.

ARTICLE 2
PAYMENT OF PREMIUMS

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, no later than the expiration of the grace period under the Policy for such payment. Within the Policy year, the Corporation shall furnish the Employee with written notice of such payment. Within ten (10) days of the Employee's receipt of such notice, unless such reimbursement is paid or deemed paid by the Employee, 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 Article 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 Employee's Death Benefit Portion. The Employee's designated beneficiary or beneficiaries, shall be entitled to receive a Death Benefit Portion in an amount equal to three (3) times the Employee's Annual Base Salary ("Pre-Retirement Benefit") if the Employee was actively employed with the Corporation at the time of death. If the Employee's death occurs following his Retirement, the Employee's designated beneficiary or beneficiaries shall be entitled to receive (i) if the Employee's death occurs within one year of his Retirement date, an amount equal to fifty percent (50%) of his Pre-Retirement Benefit, or (ii) if the Employee's death occurs beyond one year but within two years of his Retirement date, an amount equal to forty five percent (45%) of his Pre-Retirement Benefit, or (iii) if the Employee's death occurs beyond two years but within three years of his Retirement date, an amount equal to forty percent (40%) of his Pre-Retirement Benefit, or (iv) if the Employee's death occurs beyond three years but within four years of his Retirement date, an amount equal to thirty five percent (35%) of his Pre-Retirement Benefit, or (v) if the Employee's death occurs beyond four years following his Retirement date, an amount equal to thirty three and one-third percent (33 1/3%) of his Pre-Retirement Benefit. The Employee and the Corporation agree to conform the beneficiary designation of the Policy to the provisions hereof. For purposes of this Agreement, Annual Base Salary shall mean the base compensation of the Employee determined before reduction for any employee elective deferrals under a Code Section 401(k) or 125 plan of an Employer, paid or deemed paid by an Employer while in an employment classification as an Employee, but excluding bonuses, overtime, and other forms of incentive earnings or imputed income.

3.2 Corporation's Death Benefit Portion. Upon the death of the Employee, the Corporation shall be entitled to receive the remaining proceeds of the Policy once the Employee's Death Benefit Portion set forth in Article 3.1 has been paid to the Employee's designated beneficiary or beneficiaries.

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) death of the Employee while insured under the Policy; or
(b) the bankruptcy, receivership or dissolution of the Corporation; or
(c) the termination of employment of the Employee with the Corporation (other than by reason of the Employee's Retirement); or

(d) the Employee’s notice of his intent to exercise his right to surrender the Policy, pursuant to Article 1.2 (b)(i); or
(e) the written Agreement of the Employee and the Corporation; or
(f) the removal of the Employee from the Corporation’s “A” or “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 Corporate Interest described in Article 4.4 in such event.

Notwithstanding the language of this Article or any other provision of this Agreement, the Corporation, in its sole discretion, may delay termination of this Agreement if it is determined by the Corporation that adverse tax consequences with respect to the Corporation and/or the Employee can be avoided through such delay, or in order to increase the cash value in the Policy available to Employee. Alternatively or in addition to delaying the termination of this Agreement, the Corporation may in its sole discretion choose to reduce the amount due to the Corporation from the Employee’s Policy as Corporate Interest pursuant to Article 4.4 in order to increase the cash value in the Policy available to Employee.

4.2 Definition of Retirement. For purposes of Articles 3.1 and 4.1, “Retirement” shall mean termination of employment after having met the age and service eligibility requirements for Early Retirement or Normal Retirement under the Dana Corporation Retirement Plan (“CashPlus”), regardless of whether the Employee is actually a participant in CashPlus at the time of his termination.

4.3 Rights Upon Termination. In the event this Agreement is terminated pursuant to Article 4.1(a), Article 3 shall apply and the Agreement shall terminate only once the Employee Death Benefit Portion and the Corporate Death Benefit Portion has been paid pursuant to Article 3. In the event this Agreement is terminated pursuant to Article 4.1(b), 4.1(c), 4.1(d), 4.1(e) or 4.1(f), the Employee shall pay to the Corporation the amount determined pursuant to Article 4.4 . 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.

4.4 Corporate Interest. The Corporation shall be entitled to receive either (a) from the Employee, as specified in Article 4.3 or (b) from the Issuer upon surrender, from the cash value of the Policy or (c) a withdrawal from the cash value in the Policy, an amount equal to the gross premiums paid by the Corporation, decreased by the sum of any indebtedness described in Article 1.2(a)(i) under the Policy.

Notwithstanding any other provision in this Agreement, in the event that the Employee has more than one Policy subject to this Agreement, the Corporation shall be entitled to receive and recover the Corporate Interest as described in this Article 4.4 from any of the Policies subject to this Agreement in whatever amounts the Corporation deems appropriate. In no case, however, shall the Corporation receive and recover more than the Corporate Interest, when such Corporate Interest in each Policy is aggregated, from all of the Policies subject to this Agreement. To make the meaning of the preceding sentence clear, all Policies on the life of the Employee which are subject to this Agreement are to be treated, in aggregate, as one policy for purposes of determining and recovering the Corporate Interest.

ARTICLE 5
ADMINISTRATIVE PROVISIONS

5.1 Issuer's Responsibility. The 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:

Mr. Joseph M. Magliochetti
Dana Corporation
4500 Dorr Street
Toledo, OH 43615

(b) to the Corporation at:

Human Resources Department
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 Vice President-Administration 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 Article 5.10. 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 Article 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 ninety (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 Article.

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 sixty (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; and
(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.

5.11 Previous Agreement Superceded. This Amended and Restated Agreement 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 superceded hereby with respect to the Employee (and his or her successors and heirs); including, without limitation, the Previous Agreement.

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

Dana Corporation

By: /s/ C. W. Hinde

Its: Asst. Treasurer

The Employee
/s/ J. M. Magliochetti

Joseph M. Magliochetti
1/20/02

Date

Exhibit 10-L

[Dana logo] World Headquarters

December 21, 2001

Edward J. Shultz
7164 Forest Brook Drive
Sylvania, Ohio 43560

Dear Ed:

Congratulations on your upcoming retirement! In light of your retirement, and Dana Corporation's ("Dana's") plan to sell the assets and businesses of Dana Credit Corporation ("DCC") I thought it would be a good time to outline some of the issues related to your retirement and the upcoming transactions regarding DCC.

Upon your retirement, you agree that you will resign from any positions, including as an officer, that you hold at DCC and Dana. At that time, you will be elected by the Board of Directors of DCC as Chairman Emeritus of DCC.

Dana has agreed to offer you a retirement bonus of $1,000 ("Retirement Bonus") to be payable on your retirement date and, in addition, has offered you a consulting agreement to provide general advisory services to Dana in connection with certain of the operations of DCC.

In consideration of this Retirement Bonus and the consulting agreement, you agree to execute a release satisfactory to Dana releasing Dana, its affiliates, subsidiaries, shareholders, directors, officers, employees, employee benefit plans, representatives and agents and their successors and assigns from any and all employment-related claims you or your successors and beneficiaries might then have against them (excluding any claims you might then have under this Letter, the consulting agreement or any claims for vested benefits under any employee pension plan sponsored by Dana). A draft of such release is attached to this letter for your review. We would advise you to review this draft release carefully with the assistance of an attorney.

Please indicate your acceptance by signing below and returning to me by   , 2002.

Sincerely yours,
/s/ R. C. Richter

for Dana Corporation

I agree to the terms described above.
/s/ E. J. Shultz

Edward J. Shultz
Date: 12/21/01

People Finding A Better Way®
Dana Corporation

P.O. Box 1000, Toledo, OH 43697   Tel: (419) 535-4500   Fax: (419) 535-4643

Exhibit 10-M

***indicates where a confidential portion has been omitted and filed separately with the Commission.

December 21, 2001

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (this "Agreement"), is entered into effective as of the first day of February, 2002, between Dana Corporation (including its subsidiaries and affiliates) ("Dana") and Edward J. Shultz ("Consultant").

RECITALS

WHEREAS, Dana desires to obtain for Dana the services of Consultant, and Consultant desires to make available to Dana such services, experience and knowledge during the term of this Agreement, all on the terms and subject to the conditions set forth herein; and

WHEREAS, Consultant is willing to enter into this Agreement in consideration of the benefits which Consultant will receive under the terms and conditions hereof.

AGREEMENTS

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Retention as Consultant. Dana hereby retains Consultant to render certain consulting and advisory services to Dana and Consultant hereby agrees to perform the services described herein.

2. Duties of Consultant. During the period described in Section 6, Consultant shall serve as a consultant to Dana to provide general advisory services in connection with the operations of Dana Credit Corporation and its subsidiaries ("DCC"), (other than with respect to issues related to the day-to-day operations of DCC) and the sales of the assets or businesses of DCC including background information and advice and historical context of the businesses of DCC. At all times during the term of this Agreement, Consultant shall make himself reasonably available to Dana, shall undertake his efforts in good faith on behalf of the best interests of Dana, and shall devote sufficient time and resources to provide the services described herein.

3. Consulting Fee. Subject to Sections 6 and 7, Consultant shall receive an annual consulting fee ("Consulting Fee") as set forth below:

(a) Initial Payment Period. During the initial payment period, which shall commence on February 1, 2002 and end on the earliest of (i) December 31, 2003; (ii) the Closing Date of a Platform Sale; or (iii) the termination date of this Agreement pursuant to Section 7, Consultant shall be paid at an annual rate of $610,000.

(b) Extended Payment Period. During the extended payment period, if any, which shall commence on the Closing Date of a Platform Sale that occurs on or prior to December 31, 2002, and end on the earlier of (i) the third anniversary of such Closing Date; or (ii) the termination date of this Agreement pursuant to Section 7, Consultant shall be paid at an

*** indicates where a confidential portion has been omitted and filed separately with the Commission.

annual rate of $ *** . In the event a Platform Sale Closing Date does not occur by December 31, 2002, there will be no extended payment period.

The Consulting Fee shall be paid in quarterly installments with the first payment to be made on April 30, 2002, and with the final payment pro-rated for the portion of the final payment period if it is less than three months.

4. Performance Incentive Payment. Consultant is eligible for the Performance Incentive Payment (“PI Payment” or “PIP”) as described in the following subsections.

(a) Amount of Payment. The payment of the PI Payment is subject to subsections (b) and (c) below. The PIP is determined in accordance with Schedule A attached hereto and made a part of this Agreement; *provided*, *however*, that if the business of DCC is sold in a Platform Sale (as defined below), at a price mutually agreeable to Dana and the CEO or COO of DCC, the PIP shall be equal to the greater of (i) $ *** or (ii) the amount that would be earned under subsection (b) below.

(b) Payment Dates. The PI Payment will be paid as described in items (i) or (ii) as applicable.

(i) Quarterly Installments. The PIP will be paid in quarterly installments as shown below:

Profits Period	Dates	Payment Date
1	October 1, 2001, through March 31, 2002	April 30, 2002
2	October 1, 2001, through June 30, 2002	July 30, 2002
3	October 1, 2001, through September 30, 2002	October 31, 2002
4	October 1, 2001, through December 31, 2002	January 31, 2003

The portion of the PIP paid for each Profits Period (“Quarterly Payout”) shall be calculated using the cumulative After-Tax Profits (as defined below) for the applicable Profits Period in accordance with the following formulas:

For Profits Periods 1 through 3

[(Applicable Profits Period PIP) divided by 2] — Total prior Quarterly Payouts

For Profits Period 4:

(Profits Period 4 PIP) – Total prior Quarterly Payouts

(ii) Two Installments. If there is a Platform Sale, the minimum PIP is $ *** and the payment of the PIP or the remaining PIP shall be made in two installments. The first installment (equal to 50% of the PIP minus any Quarterly Payouts made in accordance with (i) above prior to the Closing Date (as defined below)) will be paid on or as soon as practicable after the Closing Date and the second installment (equal to the other 50% of the PIP) will be paid following the expiration of six months after the Closing Date.

(c) Payment Conditions. The payment of the PIP is subject to the following conditions :

First, the PIP will not be earned or paid unless DCC's PAT (as defined below) for the period from October 1, 2001, through December 31, 2002, is at least $ *** (subject to any adjustments described in the definition of PAT and in the note to Schedule A). Notwithstanding the prior sentence, once any PIP payment is made pursuant to a Quarterly Payout, it is not subject to repayment.

Second, this Agreement cannot have been terminated for Cause (as defined below).

Third, subject to Section 7(b), upon the termination of this Agreement, no unearned PIP will be payable.

(d) Definitions. For purposes of this Agreement, the terms "After-Tax Profits" or "PAT," "Cause," "Closing Date," and "Platform Sale" mean as follows:

(i) *"After-Tax Profits"* or *"PAT"* means the consolidated net income of DCC on an after-tax basis determined in accordance with Generally Accepted Accounting Principles, consistently applied for the period from October 1, 2001, through December 31, 2002. For the purpose of determining PAT: (1) PAT is inclusive of any gains realized from the sales of the businesses or assets of DCC. Any capital gains recognized will be recorded without any tax expense. All other gains will be taxed at the appropriate federal statutory tax rate. (2) No tax reserves will be taken into income for purposes of determining PAT unless otherwise approved by Dana's CFO or Vice President-Finance. (3) Credit reserves that are in excess of $ *** will be retained in DCC and will be taken into income for purposes of determining PAT. (4) With the exception of the retained assets identified on Schedule B attached hereto, any other assets remaining at December 31, 2002, will be adjusted to current realizable value (as approved by Dana's CFO or Vice President-Finance) and such adjustment will be reflected in PAT. (5) Investment banking fees, any Performance Incentive Payments under this Agreement and any similar payments made to employees in connection with the sale of DCC will not be used in

determining PAT. (6) Legal fees relating to the sale of the assets or businesses of DCC or a Platform Sale and which are specifically authorized and approved by Dana's General Counsel, will not be used in determining PAT. All other legal fees incurred in connection with the normal operations of DCC will be used in determining PAT.

PAT is subject to adjustment for the sales of the assets of DCC which occur prior to their scheduled lease termination. PAT will be reduced by the after-tax lease income (net of depreciation in the case of an operating lease) or interest income (in the case of a loan) that would otherwise have been recognized for the period from the date of the sale of such assets to December 31, 2002. PAT will be increased by the after-tax interest expense savings from the date of the sale of such assets to December 31, 2002, to the extent that the sale proceeds are used to retire DCC debt. PAT will be adjusted quarterly within 15 days of the last day of each quarter.

PAT shall be rounded to the nearest $1 million. PAT shall be determined (including the amount of any adjustments described in the prior paragraph) by Dana's CFO or Vice President-Finance and verified by PricewaterhouseCoopers.

(ii) *"Cause"* means: (1) the Consultant's conviction of a felony; (2) the Consultant's willful misconduct or gross negligence in the performance of his duties; or (3) the Consultant's breach of a material term of this Agreement.

(iii) *"Closing Date"* means the closing date of a Platform Sale.

(iv) *"Platform Sale"* means the sale of all of the businesses and assets of DCC other than those retained assets that are identified on Schedule B attached hereto; *provided*, *however*, that the Vice President-Finance or CFO of Dana and the CEO or COO of Dana Commercial Credit Corporation can, by mutual agreement, determine that a substantial sale of the assets or businesses of DCC is a Platform Sale. In no event can there be more than one Platform Sale. A Platform Sale is only effective upon the Closing Date.

5. Expenses. Dana shall pay or reimburse Consultant for all reasonable, verifiable out-of-pocket travel expenses, which expenses shall be approved in advance by Dana, actually paid or incurred by Consultant in the performance of Consultant's duties under this Agreement. Such expenses shall be reimbursed promptly upon receipt by Dana of expense statements or other supporting documentation.

6. Period of Service. The period for which Consultant will provide services under this Agreement will commence on February 1, 2002, and, unless earlier terminated under Section

7, will continue until the earlier of (i) December 31, 2003, or (ii) the closing date of the sale of the assets constituting at least 90% of the net book value of the assets of DCC (other than the retained assets listed on Schedule B) as of December 31, 2001, determined in accordance with Generally Accepted Accounting Principles, confirmed by the CFO of Dana and verified by PricewaterhouseCoopers.

7. Termination of this Agreement. Subject to Section 8(h), this Agreement will continue until terminated under the provisions of (a) or (b) below.

(a) If this Agreement has not been terminated under Section 7(b), this Agreement shall continue until the earliest to occur of

(i) the later of (1) December 31, 2003, or (2) in the event of a Closing Date of a Platform Sale that occurs on or prior to December 31, 2002, the third anniversary of such Closing Date;

(ii) the date the Consultant accepts an employment, consulting, advisory or other working relationship with any entity that has purchased some or all of the assets or businesses of DCC without the prior written consent of the CFO of Dana;

(iii) the date Consultant accepts an employment, consulting, advisory or other working relationship with the Platform Sale buyer ; or

(iv) Consultant’s death, Disability or termination for Cause.

Upon the termination of this Agreement under this Section 7(a), Consultant shall be entitled to Consulting Fees payable through the last day of the month coincident with or immediately following the termination of this Agreement. Consultant also shall be entitled to any PIP that has been earned as of the date this Agreement terminates under this Section 7(a) but which has not yet been paid. In the event there is any earned but unpaid PIP on the date this Agreement terminates, it shall be paid in accordance with the terms and payment periods described in Section 4 of this Agreement.

(b) If this Agreement has not been terminated under Section 7(a), Consultant may elect to terminate this Agreement following the sale of at least 90% of the net book value of the assets of DCC (other than the retained assets listed on Schedule B) as of December 31, 2001, determined in accordance with Generally Accepted Accounting Principles, confirmed by the CFO of Dana and verified by PricewaterhouseCoopers. Upon the termination of this Agreement by Consultant under this Section 7(b), Consultant shall be entitled to (i) or (ii) and (iii) following:

(i) if Consultant terminates the Agreement during the initial payment period described in Section 3(a), Consultant shall be entitled to a lump sum cash payment equal to the present value (discounted at an interest rate of 7% per annum) of any remaining Consulting Fee that would be payable through the end

of such initial payment period as if the Agreement were not terminated under this Section 7(b); or

(ii) if Consultant terminates the Agreement during the extended payment period described in Section 3(b), Consultant shall be entitled to a lump sum cash payment equal to the present value (discounted at an interest rate of 7% per annum) of any remaining Consulting Fee that would be payable through the end of such extended payment period as if this Agreement were not terminated under this Section 7(b); and

(iii) Consultant shall be entitled to any PIP that has been earned as of last day of Profits Period 4 (December 31, 2002) subject to and payable in accordance with Section 4 of this Agreement.

(c) For purposes of this Agreement, “Disability” means, a condition which exists by reason of any medically determinable physical or mental impairment, which is of a long and continued duration and which renders Consultant unable to perform the services contracted for in this Agreement.

8. Covenants.

(a) Return of Property; Intellectual Property Rights. Consultant agrees that on or before the termination of this Agreement, he will return all property owned by Dana, including files, documents, data and records (whether on paper, tapes, disks, or in any other form, electronic or otherwise). Consultant acknowledges that Dana is the rightful owner of any programs, ideas, inventions, discoveries, copyright material, or trademarks that Consultant may have originated or developed, or assisted in originating or developing, during the period of this Agreement, where any such origination or development involved the use of time performing services for Dana or the use of Dana’s resources, or the exercise of Consultant’s responsibilities for or on behalf of Dana. Consultant will at all times, both before and after the termination of this Agreement, cooperate with Dana in executing and delivering documents and taking any other actions that are necessary or requested by Dana to assist Dana in patenting, copyrighting, or registering any programs, ideas, inventions, discoveries, copyright material, or trademarks, and to vest title thereto in Dana.

(b) Proprietary and Confidential Information. Consultant will at all times preserve the confidentiality of all proprietary information and trade secrets of Dana, except to the extent that disclosure of such information is legally required. The phrase “proprietary information” means information that has not been disclosed to the public and that is treated as confidential within the business of Dana including, without limitation, the terms of this Agreement; strategic or tactical business plans; undisclosed financial data; ideas, processes, methods, techniques, systems, patented or copyrighted information, models, devices, programs, computer software, or related information; documents relating to regulatory matters and correspondence with governmental entities; undisclosed information concerning any past, pending, or threatened legal dispute; pricing and cost data; reports and analyses of business prospects; business transactions which are contemplated or planned; research data; personnel

information and data; identities of users and purchasers of any of Dana's products or services; and other confidential matters pertaining to or known by Dana, including confidential information of a third party which Consultant knows or should know Dana is bound to protect.

(c) Prohibited Conduct. During the greater of (i) the period described in Section 7(a)(i) or (ii) the period that begins with the effective date of this Agreement and ends 36 months thereafter, Consultant, without prior written consent of Dana, will not: (1) personally engage in Competitive Activities (as defined below); or (2) work for, own, manage, operate, control, or participate in the ownership or management of or provide consulting or advisory services to or permit Consultant's name to be used in connection with, any individual, partnership, firm, corporation, or institution engaged in Competitive Activities, or any company or person affiliated with such person or entity engaged in Competitive Activities; provided that Consultant's purchase or holding, for investment purposes, of securities of a publicly-traded company shall not constitute "ownership" or "participation in ownership" for purposes of this subsection so long as his equity interest in any such company is less than five percent (5%).

(d) Competitive Activities. Except as provided in the second sentence of this subsection 8(d), for purposes of this Agreement, "Competitive Activities" means business activities which are the same or similar or competitive with those engaged in by Dana or which relate to products or services of the same or similar type as the products or services (i) which are sold (or, pursuant to an existing business plan, will be sold) to paying customers of DCC, and (ii) for which Consultant provided services in connection with the planning, development, management, marketing, or oversight of such products or services. In addition, "Competitive Activities" includes Consultant accepting an employment, consulting, advisory or other working relationship with a purchaser of the assets or businesses of DCC, except with respect to a Platform Sale buyer if the Platform Sale buyer assumes Dana's obligations hereunder pursuant to Section 14; *provided, however*, that if Consultant terminates this Agreement under Section 7(b), "Competitive Activities" does not include Consultant accepting an employment, consulting, advisory or other working relationship with the purchaser of the assets or businesses of DCC.

(e) Interference With Business Relations. During the greater of (i) the period described in Section 7(a)(i), or (ii) the period that begins on the effective date of this Agreement and ends 36 months thereafter, Consultant, without the written consent of Dana, will not: (1) recruit or solicit any employee of Dana for employment or for retention as a consultant or service provider; (2) hire or participate (with another company or third party) in the process of hiring any person who is then an employee of Dana, or provide names or other information about Dana employees to any person or business under circumstances which could lead to the use of that information for purposes of recruiting or hiring; (3) interfere with the relationship of Dana with any of its employees, agents, or representatives; (4) solicit or induce, or in any manner attempt to solicit or induce, any client, customer, or prospect of Dana (A) to cease being, or not to become, a customer of Dana, or (B) to divert any business of such customer or prospect from Dana; (5) otherwise interfere with, disrupt, or attempt to interfere with or disrupt, the relationship, contractual or otherwise, between Dana and any of its customers, clients, prospects, suppliers, consultants, or employees; or (6) make or publish any statement which is, or may

reasonably be considered to be, disparaging to Dana or to the directors, officers, employees or operations of Dana.

(f) Waiver. Nothing in this Agreement will bar Consultant from requesting, at the termination of this Agreement or at any time thereafter, that Dana, in its sole discretion, waive in writing Dana's rights to enforce some or all of this Section 8.

(g) Other Agreements and Policies. The obligations imposed by this Section 8 are in addition to, and not in lieu of, any and all other policies or agreements of Dana regarding the subject matter of the foregoing obligations or that result from Consultant's prior employment with Dana.

(h) Survival. The provisions of this Section 8 shall survive the termination of this Agreement.

9. Independent Contractor. Consultant at all times will act as an independent contractor and will not act or hold himself out to third parties as an employee, officer or agent of Dana. Consultant agrees that he has no authority to bind Dana, to sign or execute documents or to make any commitments on behalf of Dana. Nothing in this Agreement or to be done pursuant to its terms and conditions is intended to, or shall, create a partnership, joint venture, principal-agent or employer-employee relationship between Dana and Consultant. Consultant shall be responsible for paying and reporting any federal or state income tax, withholding, social security taxes or unemployment insurance in connection with amounts paid to him hereunder. Consultant shall have no right to participate in any of Dana's employee benefit plans.

10. Applicable Law. This Agreement shall be construed and interpreted according to the laws of the State of Ohio, without regard to the conflicts of law rules thereof.

11. Source of Payments. The amounts payable under this Agreement may be paid, at Dana's sole discretion, from Dana's or DCC's general assets, or from any other source.

12. Headings. The headings and captions set forth herein are for convenience of reference only and shall not affect the construction or interpretation hereof.

13. Notices. Any notice or other communication required, permitted, or desirable hereunder shall be hand delivered (including delivery by a commercial courier service) or sent by United States registered or certified mail, postage prepaid, addressed as follows:

If to Consultant:	Edward J. Shultz 7164 Forest Brook Drive Sylvania, Ohio 43560
If to the Company:	Dana Corporation P. O. Box 1000 Toledo, Ohio 43697 or

December 21, 2001

4500 Dorr Street
Toledo, Ohio 43615

Attention: General Counsel

or such other addresses as shall be furnished in writing by the parties. Any such notice or communication shall be deemed to have been given as of the date so delivered in person or three business days after so mailed.

14. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of successors and permitted assigns of the parties. This Agreement may not be assigned, nor may performance of any duty hereunder be delegated, by either party without the prior written consent of the other; *provided, however*, Dana may assign this Agreement, without the consent of the Consultant, to the purchaser of the assets of the business of DCC in connection with and as a part of a Platform Sale and in such case, Dana and DCC shall mean Dana and DCC (as hereinbefore defined) and any such purchaser which assumes and agrees to perform this Agreement.

15. Entire Agreement; Amendments. This Agreement sets forth the entire agreement and understanding of the parties with respect to the subject matter hereof, and there are no other contemporaneous written or oral agreements, undertakings, promises, warranties, or covenants not specifically referred to or contained herein. This Agreement specifically supersedes any and all prior agreements and understandings of the parties with respect to the subject matter hereof, all of which prior agreements and understandings (if any) are hereby terminated and of no further force and effect. This Agreement may be amended, modified, or terminated only by a written instrument signed by the parties hereto.

16. Execution of Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Agreement. This Agreement may be delivered by facsimile transmission of an originally executed copy to be followed by immediate delivery of the original of such executed copy.

17. Severability. If any provision, clause or part of this Agreement, or the applications thereof under certain circumstances, is held invalid or unenforceable for any reason, the remainder of this Agreement, or the application of such provision, clause or part under other circumstances, shall not be affected thereby.

18. Incorporation of Recitals and Schedules. The Recitals and Schedules to this Agreement are an integral part of, and by this reference are hereby incorporated into, this Agreement.

IN WITNESS WHEREOF, the parties have executed this Consulting Agreement to be effective as of the day and year first above written.

DANA CORPORATION

By:	/s/ R. C. Richter
Title:	VP — Chief Financial Officer
Date:	12/21/01
	/s/ E. J. Shultz
	Edward J. Shultz
Date:	12/21/01

*** indicates where a confidential portion has been omitted and filed separately with the Commission.

December 21, 2001

SCHEDULE A
*** Pages 11-13 (3 pages)

*** indicates where a confidential portion has been omitted and filed separately with the Commission.

Schedule B

***(1 page)

Management Statement

We have prepared the accompanying consolidated financial statements and related information included herein for the three years ended December 31, 2001.

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

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 16 through 33, present fairly, in all material respects, the financial position of Dana Corporation and its subsidiaries at December 31, 2000 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 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 11, 2002

Statement of Income

In millions except per share amounts

	Year Ended December 31		
	1999	2000	**2001**
Net sales	$13,159	$12,317	**$10,271**
Revenue from lease financing	111	143	**115**
Other income, net	83	231	**83**
	13,353	12,691	**10,469**
Costs and Expenses			
Cost of sales	10,964	10,599	**9,268**
Selling, general and administrative expenses	1,192	1,132	**985**
Restructuring and integration charges	181	173	**390**
Interest expense	279	323	**309**
	12,616	12,227	**10,952**
Income (loss) before income taxes	737	464	**(483)**
Estimated taxes on income	251	171	**(161)**
Income (loss) before minority interest and equity in earnings of affiliates	486	293	**(322)**
Minority interest	(13)	(13)	**(8)**
Equity in earnings of affiliates	40	54	**32**
Net income (loss)	$ 513	$ 334	**$ (298)**
Net income (loss) per common share			
Basic income (loss) per share	$ 3.10	$ 2.20	**$ (2.01)**
Diluted income (loss) per share	$ 3.08	$ 2.18	**$ (2.01)**
Cash dividends declared and paid per common share	$ 1.24	$ 1.24	**$ 0.94**
Average shares outstanding — Basic	165	152	**148**
Average shares outstanding — Diluted	166	153	**148**

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

Balance Sheet

In millions except par value

	December 31	
	2000	**2001**
Assets		
Current assets		
Cash and cash equivalents	$ 179	**$ 199**
Accounts receivable		
Trade, less allowance for doubtful accounts of $42 - 2000 and $45 - 2001	1,548	**1,371**
Other	318	**371**
Inventories	1,564	**1,299**
Other current assets	714	**557**
Total current assets	4,323	**3,797**
Investments and other assets	2,367	**2,209**
Investment in leases	1,037	**1,068**
Property, plant and equipment, net	3,509	**3,133**
Total assets	$11,236	**$10,207**
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable, including current portion of long-term debt	$ 1,945	**$ 1,120**
Accounts payable	1,015	**1,045**
Accrued payroll and employee benefits	398	**317**
Other accrued liabilities	856	**873**
Taxes on income	117	**134**
Total current liabilities	4,331	**3,489**
Deferred employee benefits and other noncurrent liabilities	1,507	**1,640**
Long-term debt	2,649	**3,008**
Minority interest in consolidated subsidiaries	121	**112**
Total liabilities	8,608	**8,249**
Shareholders' equity		
Common stock, $1 par value, shares authorized, 350; shares issued, 148 - 2000 and 149 - 2001	148	**149**
Additional paid-in capital	159	**163**
Retained earnings	2,909	**2,471**
Accumulated other comprehensive loss	(588)	**(825)**
Total shareholders' equity	2,628	**1,958**
Total liabilities and shareholders' equity	$11,236	**$10,207**

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

Statement of Cash Flows

In millions

	Year Ended December 31		
	1999	2000	**2001**
Net cash flows from operating activities	$ 608	$ 984	**$ 639**
Cash flows from investing activities:			
Purchases of property, plant and equipment	(807)	(662)	**(425)**
Purchases of assets to be leased	(480)	(191)	**(50)**
Acquisitions	(18)	(511)	**(21)**
Divestitures	36	571	**236**
Changes in investments and other assets	(155)	(183)	**1**
Loans made to customers and partnerships	(259)	(643)	**(68)**
Payments received on leases	200	146	**48**
Proceeds from sales of certain assets	45	41	**132**
Proceeds from sales of leased assets	135	82	**60**
Payments received on loans	206	561	**180**
Other	(4)	(5)	**(14)**
Net cash flows — investing activities	(1,101)	(794)	**79**
Cash flows from financing activities:			
Net change in short-term debt	(341)	577	**(888)**
Issuance of long-term debt	1,396	368	**847**
Payments on long-term debt	(376)	(504)	**(501)**
Dividends paid	(206)	(187)	**(140)**
Shares repurchased	(100)	(381)	
Other	1	5	**(16)**
Net cash flows — financing activities	374	(122)	**(698)**
Net increase (decrease) in cash and cash equivalents	(119)	68	**20**
Cash and cash equivalents — beginning of year	230	111	**179**
Cash and cash equivalents — end of year	$ 111	$ 179	**$ 199**
Reconciliation of net income (loss) to net cash flows from operating activities:			
Net income (loss)	$ 513	$ 334	**$(298)**
Depreciation and amortization	519	523	**548**
Unremitted earnings of affiliates	(37)	(54)	**4**
Deferred income taxes	74	57	**(116)**
Minority interest	6	10	**4**
Asset impairment	62	27	**206**
Change in accounts receivable	(528)	327	**137**
Change in inventories	(207)	108	**166**
Change in other operating assets	(11)	(58)	**(31)**
Change in operating liabilities	300	(144)	**78**
Additions to lease and loan loss reserves	8	18	**(9)**
Gains on divestitures	(5)	(106)	**(10)**
Other	(86)	(58)	**(40)**
Net cash flows from operating activities	$ 608	$ 984	**$ 639**

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

Statement of Shareholders' Equity

In millions

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss): Foreign Currency Translation	Minimum Pension Liability	Net Unrealized Gain (Loss)	Shareholders' Equity
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, net		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, net		5					5
Balance, December 31, 2000	148	159	2,909	(568)	(23)	3	2,628
Comprehensive income:							
Net loss for 2001			**(298)**				
Foreign currency translation				**(152)**			
Minimum pension liability					**(80)**		
Unrealized loss						**(5)**	
Total comprehensive loss							**(535)**
Cash dividends declared			**(140)**				**(140)**
Issuance of shares for director and employee stock plans, net	**1**	**4**					**5**
Balance, December 31, 2001	**$149**	**$ 163**	**$2,471**	**$(720)**	**$(103)**	**$ (2)**	**$1,958**

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, amortization and impairment of long-lived assets; deferred tax assets and inventory valuations; sales returns, restructuring, environmental, product liability 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 1999 and 2000 have been reclassified to conform with the 2001 presentation.

Principles of Consolidation

The consolidated financial statements include all 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 deferred 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 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 if we own the tooling. These costs are also capitalized and amortized if we fund the purchase but our customer owns the tooling and grants us the 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.

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 asset 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 generally has been amortized on a straight-line basis over the estimated period of expected benefit, ranging from 10 to 40 years. The issuance of Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," was approved by the Financial Accounting Standards Board in June 2001. The new guidance changes the post-acquisition accounting for goodwill and certain intangible assets by discontinuing the amortization of these assets and requiring impairment testing at least annually. After recording the impact of adopting the Statement, any reductions in the carrying value of goodwill or certain intangible assets will be included in the results of operations. Adoption of SFAS No. 142 is required in 2002.

We believe that the initial application of this Statement is likely to result in the impairment of a portion of our goodwill. We have substantially completed the first step of the initial impairment test required by the Statement and identified approximately $400 of goodwill that may be impaired based upon the new requirements. We will complete the impairment testing required to determine the actual amount of goodwill impairment in 2002.

Accordingly, we are unable to quantify the amount of impairment that may result from determining the implied fair value of the related goodwill at this time. Any adjustment of goodwill resulting from the initial assessment will be recognized as the effect of a change in accounting as of the beginning of 2002. The results of operations for the year ending December 31, 2002 would have included approximately $36 of goodwill amortization, including our share of amounts recorded by equity affiliates, if not for the adoption of SFAS No. 142.

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 collateralized 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 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 and title has transferred to the customer. 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 bases. 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

We enter into forward exchange contracts to hedge our exposure to the effects of currency fluctuations on a portion of our projected sales and purchase commitments. The changes in the fair value of these contracts are generally offset by exchange gains or losses on the underlying exposures. We also use interest rate swaps to manage exposure to fluctuations in interest rates and to balance the mix of our fixed and floating rate debt. We do not use derivatives for trading or speculative purposes.

In January 2001, we adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Transactions." These Statements require, among other things, that all derivative instruments be recognized on the balance sheet at fair value. Interest rate swap arrangements have been formally designated as hedges. The effect of marking these contracts to market has been recorded as a direct adjustment of the underlying debt for those contracts designated as fair value hedges and as an adjustment of other comprehensive income for those contracts designated as cash flow hedges. Foreign currency forwards and other derivatives have not been designated as hedges and the effect of marking these instruments to market has been recognized in the results of operations. 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 did 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.

Notes to Financial Statements

In millions except share and per share amounts

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.

Cash and Marketable Securities

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 unrealized gains or losses, net of income taxes, are reported as a component of accumulated other comprehensive income or loss in shareholders' equity. Cash includes bank deposits of $31 that support letters of credit and may not be withdrawn under the terms of the arrangements.

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, for the exercise price of $110 (subject to adjustment as provided in the Plan). 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 (or commences a tender offer that would result in its acquiring) 15% or more of our outstanding common stock, the rights not held by the acquirer will become exercisable. In that event, instead of purchasing 1/1000th of a share of the Participating Preferred Stock, the holder of each right may elect to purchase from us the number of shares of our common stock that have a market value of twice the right's exercise price (in effect, a 50% discount on our stock). Thereafter, if we merge with or sell 50% or more of our assets or earnings power to the acquirer or engage in similar transactions, any rights not previously exercised (except those held by the acquirer) can also be exercised. In that event, the holder of each right may elect to purchase from the acquiring company the number of shares of its common stock that have a market value of twice the right's exercise price (in effect, a 50% discount on the acquirer's stock).

The Board may authorize the redemption of 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 authorize the exchange of 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 of our 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 304,927 shares in 1999, 91,074 in 2000 and 11,000 in 2001.

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:

	1999	2000	**2001**

Shares outstanding at beginning of year	165,690,844	163,151,142	**147,877,034**
Issued for director and employee stock plans	764,535	272,713	**664,430**
Repurchased under stock plans	(309,837)	(91,074)	**(11,000)**
Repurchase program	(2,994,400)	(15,455,747)	
Shares outstanding at end of year	163,151,142	147,877,034	**148,530,464**
Average shares outstanding for the year — basic	165,322,644	152,038,862	**148,241,265**
Plus: Incremental shares from assumed conversion of -			
Deferred compensation units	461,112	571,029	**608,757**
Deferred restricted stock units	106,044	226,253	**232,257**
Stock options	608,165	95,182	**2,371**
Potentially dilutive shares	1,175,321	892,464	**843,385**
Average shares outstanding for the year — diluted	166,497,965	152,931,326	**149,084,650**

A net loss causes dilutive shares to have an antidilutive effect, so the potentially dilutive shares have been disregarded in calculating diluted earnings per share for the year ended December 31, 2001.

Note 5. Inventories

The components of inventory are as follows:

	December 31	
	2000	**2001**
Raw materials	$ 436	**$ 377**
Work in process and finished goods	1,128	**922**
	$1,564	**$1,299**

Inventories amounting to $1,005 and $841 at December 31, 2000 and 2001, respectively, were valued using the LIFO method. If all inventories were valued at replacement cost, inventories would be increased by $119 and $111 at December 31, 2000 and 2001, respectively.

Note 6. Short-Term Debt

Until the end of 2000, we had generally relied on the issuance of commercial paper to satisfy a significant portion of our short-term financing requirements. These commercial paper borrowings were supported by committed bank lines. However, the debt rating services lowered our credit ratings in the first quarter of 2001, primarily due to the significant downturn in our markets since the fourth quarter of 2000 and the impact of this downturn on our operations. Following the downgrade, the commercial paper markets ceased to be available to us and we began borrowing against the committed bank lines.

In March 2001, we established a $400 accounts receivable securitization program to supplement our committed bank lines. Under the program, certain of our divisions and subsidiaries either sell or contribute accounts receivable to Dana Asset Funding LLC (DAF), a special purpose entity. DAF funds its accounts receivable purchases in part by pledging a portion of the receivables as collateral for short-term loans from participating banks. DAF uses the amounts borrowed under the program to fund the purchase of accounts receivable. We used the sale proceeds received from DAF to reduce other debt.

The securitized accounts receivable are owned in their entirety by DAF and are not available to satisfy claims of our creditors. However, we are entitled to any dividends paid by DAF and would be entitled to all proceeds from the liquidation of DAF's assets upon the termination of the securitization program and the dissolution of DAF. DAF's receivables are included in our consolidated financial statements solely because DAF does not meet certain technical accounting requirements for treatment as a "qualifying special purpose entity" under generally accepted accounting principles. Accordingly, the sales and contributions of the accounts receivable are eliminated in consolidation and the loans to DAF are reflected as short-term borrowings in our consolidated financial statements.

Expenses incurred to establish the program are being amortized over five years, the contractual life of the program.

In December 2001, we entered into a new 364-day revolving credit facility with a group of banks and amended our existing long-term facility, which matures on November 15, 2005. The 364-day facility provides for a maximum borrowing capacity of $250 while the long-term facility has a borrowing capacity of $500. The 364-day facility provides each participating bank the option to terminate its commitment on April 30, 2002 unless we receive net cash proceeds of at least $200 from the issuance of debt in the capital markets or stock or the sale of assets by April 1, 2002. If the net cash proceeds exceed $200, the maximum borrowing capacity under the 364-day facility will be reduced by 50% of the excess. Both facilities require us to maintain specified financial ratios as of the end of each quarter, including the ratio of net senior debt to tangible net worth; the ratio of earnings before interest, taxes and depreciation and amortization (EBITDA) less capital spend to interest expense; and the ratio of net senior debt to EBITDA. For purposes of these ratios, tangible net worth excludes deferred currency translation adjustments, the 2001 minimum pension liability adjustment and intangible assets, while EBITDA is modified to exclude cash restructuring charges incurred from the fourth quarter of 2001 through the first quarter of 2003, to a maximum of $500, equity earnings, minority interest and certain other non-cash items. The ratio calculations are based on the additional financial information which presents Dana's consolidated financial statements with DCC accounted for on the equity basis.

Because our financial performance is impacted by various economic, financial and industry factors, we may not be able to satisfy these covenants in the future. Noncompliance with these covenants would constitute an event of default, allowing the lenders to accelerate the repayment of any borrowings outstanding under the related arrangement. We believe that we would be able to successfully negotiate amended covenants or obtain waivers if an event of default were imminent; however, we might be required to provide collateral to the lenders or make other financial concessions. Default under either of these facilities or any of our significant note agreements may result in defaults under other debt instruments. Our business, results of operations and financial condition might be adversely affected if we were unable to successfully negotiate amended covenants or obtain waivers on acceptable terms.

Dana, excluding DCC, had total committed borrowing lines of $1,252 and uncommitted borrowing lines of $296 at December 31, 2001. At December 31, 2001, Dana, excluding DCC, had $150 borrowed against the long-term facility, $260 borrowed under the accounts receivable securitization program and $33 of notes payable at its non-U.S. subsidiaries.

DCC had also relied on the issuance of commercial paper for short-term borrowings prior to 2001. Its borrowings against committed bank lines also increased after its credit ratings were lowered in the first quarter of 2001.

DCC had committed borrowing lines of $544, including approximately $67 denominated in British pounds and Canadian dollars, and uncommitted borrowing lines of $15 at December 31, 2001. Various lines totaling $292 mature in 2002; $250 available under a long-term facility matures in June 2004. DCC had $231 borrowed against committed U.S. bank lines at December 31, 2001.

Fees are paid to the banks for providing committed lines, but not for uncommitted lines. We paid fees of $9 in 2001 in connection with our committed bank lines. A portion of these fees is being amortized over the lives of the related credit facilities.

Selected details of short-term borrowings are as follows:

	Amount	Weighted Average Interest Rate
Balance at December 31, 2000	$1,526	7.0%
Average during 2000	1,614	6.6
Maximum during 2000 (month end)	1,872	6.7
Balance at December 31, 2001	**$ 674**	**3.5%**
Average during 2001	**1,450**	**5.4**
Maximum during 2001 (month end)	**1,919**	**6.9**

In millions except share and per share amounts

Note 7. Interest Rate Agreements

Under our 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. Differentials to be paid or received under these agreements are accrued and recognized as adjustments to interest expense. At December 31, 2001, Dana, exclusive of DCC, was committed to receive a rate of 9% on notional amounts of $575 and €200 and to pay variable rates equal to the six-month London interbank offered rate (LIBOR) plus an average of 3.09% (the combined rate was 5.07% at December 31, 2001) on a notional amount of $575 and the six-month Euro interbank offered rate (EURIBOR) plus an average of 3.79% (the combined rate was 7.04% on December 31, 2001) on a notional amount of €200. These agreements were entered in August 2001 in conjunction with the issuance of the 9% notes and expire when the notes mature in 2011. At December 31, 2001, 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, 2001 was 2.72%) and to pay an average rate of 7.13% which is fixed over the period of the agreements on notional amounts of $95. DCC's notional amounts of interest rate swaps expire as follows: 2002, $50 and 2003, $45.

Note 8. Long-Term Debt

	December 31	
	2000	**2001**
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	196	**196**
6.5% notes, due March 1, 2009	349	**349**
7.0% notes, due March 1, 2029	371	**371**
9.0% notes, due August 15, 2011		**575**
9.0% euro notes, due August 15, 2011		**175**
6.92% - 7.04% notes, due 2002	470	**135**
Indebtedness of DCC —		
Unsecured notes payable, variable rates, 2.18% - 5.77%, due 2002 to 2006	220	**182**
Unsecured notes payable, fixed rates, 2.00% - 8.54%, due 2002 to 2011	865	**844**
Nonrecourse notes payable, fixed rates, 6.77% - 12.05%, due 2002 to 2010	108	**79**
Nonrecourse notes payable, variable rate of 5.38%, due 2003		**19**
Indebtedness of other consolidated subsidiaries	89	**129**
Total long-term debt	3,068	**3,454**
Less: Current maturities	419	**446**
	$2,649	**$3,008**

The total maturities of all long-term debt for the five years after 2001 are as follows: 2002, $446; 2003, $152; 2004, $482; 2005, $90 and 2006, $102.

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 2001, Dana issued $575 and €200 of 9% unsecured notes due August 15, 2011. The indenture agreement related to these notes places certain limits on the borrowings, payments and transactions that we might wish to undertake.

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, 2001, notes totaling $500 were outstanding under the program. 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.

Nonrecourse obligations represent debt collateralized by the assignment of contracts and a security interest in the underlying assets. In the event of a default under the nonrecourse debt obligation, the lender's recourse is limited to the collateral with no further recourse against DCC.

Interest paid on short-term and long-term debt was $285 in 1999, $314 in 2000 and $304 in 2001.

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 our common 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 ten 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, 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
Granted - 2001	2,763,200	25.05
Exercised - 2001	(52,003)	15.97
Cancelled - 2001	(632,643)	35.85
Outstanding at December 31, 2001	14,940,953	$33.14

The following table summarizes information about stock options under this plan at December 31, 2001:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$19.63-28.13	7,526,087	7.7	$24.60	2,617,753	$25.40
29.06-38.44	3,094,246	4.4	34.49	3,094,246	34.49
40.08-52.56	4,320,620	7.0	47.05	3,085,939	47.22
	14,940,953	6.8	$33.14	8,797,938	$36.25

In April 2001, shareholders authorized an additional 5,000,000 shares under this plan. At December 31, 2001, 4,196,461 shares were available for future grants.

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 $11 in 1999, $14 in 2000 and $16 in 2001. If we had charged this expense to income, our net income (loss) and earnings per share would have been as follows:

	1999	2000	**2001**
Net Income (Loss)	$ 502	$ 320	**$ (314)**
Basic EPS	3.03	2.10	**(2.12)**
Diluted EPS	3.01	2.09	**(2.12)**

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

	1999	2000	**2001**
Risk-free interest rate	5.82%	6.16%	**4.63%**
Dividend yield	2.73%	5.38%	**4.95%**
Expected life	5.4 years	5.4 years	**5.4 years**
Stock price volatility	38.60%	40.72%	**44.67%**

Based on the above assumptions, the weighted average fair value per share of options granted under the plans was $15.79 in 1999, $6.51 in 2000 and $7.49 in 2001.

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 ten years from the date of grant, except in the event of retirement or death of the director.

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, 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
Granted - 2001	24,000	17.64
Outstanding at December 31, 2001	183,000	$34.02

The following table summarizes information about stock options under this plan at December 31, 2001:

Outstanding Options	Exercisable Options

Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$17.64-32.25	138,000	3.7	$27.01	114,000	$28.98
50.25-60.09	45,000	6.8	55.50	45,000	55.50
	183,000	4.4	$34.02	159,000	$36.49

At December 31, 2001, 82,000 shares were available for future grants under this plan.

The non-employee directors of Echlin Inc., which we acquired in 1998, participated in the Echlin Inc. 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 ten years from the date of grant, except in the event of the retirement or death of the director. During 1999, options to purchase 39,265 shares were exercised at $35.43. No options were exercised in 2000 or 2001. At December 31, 2001, 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 5.2 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 in cash 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 1,177,541 shares in 1999, 2,212,391 shares in 2000 and 2,405,040 shares in 2001. The charge to expense for our match was $9 in 1999, $10 in 2000 and $11 in 2001.

Dollars in millions

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 annual corporate performance goals. 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 with 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 1999, $7 in 2000 and $1 in 2001 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:

	1999	2000	**2001**
Awarded to participants based on preceding year's performance	$ 14	$ 15	**$ 0**
Dividends and interest credited to participants' accounts	4	2	**2**
Charge (credit) to expense	19	(5)	**1**
Shares issued to participants	3,721	5,240	**25,106**

We also have two successive Restricted Stock Plans 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 the shares. Since 1997, participants have been able to convert their restricted stock into restricted stock units under certain conditions. The number of restricted shares converted to restricted units was 200,037 in 1999, 32,736 in 2000 and 27,500 in 2001. The units are payable in unrestricted stock upon retirement or termination of employment.

Grants occurred under the 1989 Restricted Stock Plan through February 1999, at which time the authorization to grant restricted stock under the plan lapsed. There were 20,500 shares granted in 1999 under the 1989 Plan. At December 31, 2001, there were 474,605 shares available for issuance in connection with dividends payable on shares granted under this plan.

Shareholders approved the 1999 Restricted Stock Plan in April 1999 and authorized the issuance of up to 750,000 shares. There were 82,000 shares granted in 1999, 31,200 shares in 2000 and 529,000 shares in 2001 under the 1999 Plan. At December 31, 2001, there were 74,319 shares available for future grants and dividends under the 1999 Plan.

Charges to expense for these plans were $2 in 1999, $2 in 2000 and $3 in 2001.

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.

Under the terms of the defined contribution retirement plans, employee and employer contributions may be directed into a number of diverse investments. None of these plans allows for direct investment of contributions in Dana stock.

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, 2001, statements of the funded status and schedules of the net amounts recognized in the balance sheet at December 31, 2000 and 2001:

	Pension Benefits		Other Benefits	
	2000	**2001**	2000	**2001**
Reconciliation of benefit obligation				
Obligation at January 1	$2,425	**$2,477**	$ 1,140	**$ 1,198**
Service cost	76	**66**	16	**14**
Interest cost	168	**172**	79	**91**
Employee contributions	4	**4**	4	**7**
Plan amendments	6	**1**		**4**
Actuarial loss	28	**29**	56	**206**
Benefit payments	(224)	**(196)**	(84)	**(99)**
Settlement, curtailment and terminations	15	**7**	(12)	**(4)**
Acquisitions and divestitures	11	**9**		
Translation adjustments	(32)	**(20)**	(1)	**(2)**
Obligation at December 31	$2,477	**$2,549**	$ 1,198	**$ 1,415**
Reconciliation of fair value of plan assets				
Fair value at January 1	$2,931	**$2,752**		
Actual return on plan assets	49	**(294)**		

Acquisitions and divestitures	(26)	**11**		
Employer contributions	24	**18**		
Employee contributions	4	**4**		
Benefit payments	(198)	**(186)**		
Settlements	(1)	**(4)**		
Translation adjustments	(31)	**(18)**		
Fair value at December 31	$2,752	**$2,283**		
Funded Status				
Balance at December 31	$ 275	**$ (264)**	$(1,198)	**$(1,415)**
Unrecognized transition obligation	(1)	**(1)**		**(19)**
Unrecognized prior service cost	57	**43**	(30)	
Unrecognized (gain) loss	(351)	**229**	321	**512**
Accrued cost	$ (20)	**$ 7**	$ (907)	**$ (922)**
Amounts recognized in the balance sheet consist of:				
Prepaid benefit cost	$ 88	**$ 108**		
Accrued benefit liability	(168)	**(299)**	$ (907)	**$ (922)**
Intangible assets	23	**30**		
Accumulated other comprehensive loss	37	**168**		
Net amount recognized	$ (20)	**$ 7**	$ (907)	**$ (922)**

Benefit obligations of the U.S. non-qualified and certain non-U.S. pension plans, amounting to $114 at December 31, 2001, 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		
	1999	2000	**2001**	1999	2000	**2001**
Service cost	$ 78	$ 76	**$ 66**	$ 18	$ 16	**$ 14**
Interest cost	153	168	**172**	69	79	**91**
Expected return on plan assets	(219)	(232)	**(241)**			
Amortization of transition obligation	3	3	**1**			
Amortization of prior service cost	23	23	**13**	(10)	(7)	**(6)**
Recognized net actuarial gain (loss)	5	(6)	**(20)**	4	10	**13**
Net periodic benefit cost	43	32	**(9)**	81	98	**112**
Curtailment (gain) loss		18	**4**		(23)	**(2)**
Settlement (gain) loss		(3)	**2**			
Termination expenses			**10**			
Net periodic benefit cost after curtailments and settlements	$ 43	$ 47	**$ 7**	$ 81	$ 75	**$110**

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

	U.S. Plans		
	1999	2000	**2001**
Discount rate	7.25%	7.75%	**7.5%**
Expected return on plan assets	9.25%	9.25%	**9.5%**
Rate of compensation increase	4.31 - 5%	4.31 - 5%	**5%**

	Non-U.S. Plans		
	1999	2000	**2001**
Discount rate	5.5 - 7%	5.5 - 7.75%	**6% - 6.75%**
Expected return on plan assets	6.5 - 9%	6.5 - 9%	**7% - 7.5%**
Rate of compensation increase	3 - 5%	2.5 - 5%	**3% - 5%**

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

	1999	2000	**2001**
Discount rate	7.25%	7.75%	**7.5%**
Initial weighted health care costs trend rate	7.2%	6.8%	**8.1%**
Ultimate health care costs trend rate	5%	5%	**5%**
Years to ultimate	9	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 2001:

	1% Point Increase	**1% Point Decrease**
Effect on total of service and interest cost components	$9	$(7)
Effect on postretirement benefit obligations	115	(99)

Note 13. Business Segments

Our operations are organized into six market-focused Strategic Business Units (SBUs). This structure allows our people in each of these areas to focus their resources to benefit Dana and our global customers. In December 2001, we combined the Fluid Systems Group and most of the operations of the Engine Systems Group to form the Engine and Fluid Management Group. The segment information has been restated to reflect all changes made to the SBU alignment in 2001.

The Automotive Systems Group (ASG) 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 Automotive Aftermarket Group (AAG) sells primarily 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.

The Engine and Fluid Management Group (EFMG) serves the automotive, light to heavy truck, leisure and outdoor power equipment and industrial markets with sealing products, internal engine hard parts, electronic modules, sensors and an extensive line of products for the pumping, routing and thermal management of fluid systems.

Commercial Vehicle Systems (CVS) is a major supplier of heavy axles and brakes, drivetrain components and trailer products to the medium and heavy truck markets.

The Off-Highway Systems Group (OHSG) produces axles and brakes, transaxles, power-shift transmissions, torque converters and electronic controls for the construction, agriculture, mining, specialty chassis, outdoor power, material handling, forestry and leisure/utility equipment markets.

For some time, we have also been a leading provider of lease financing services in selected markets through our wholly-owned subsidiary, Dana Credit Corporation (DCC). DCC and its subsidiaries provide leasing and financing services to selected markets primarily in the U.S., Canada, the United Kingdom and continental Europe. We announced our intention to pursue the sale of the businesses of DCC in October 2001.

Notes to Financial Statements

Dollars in millions

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:

	Sales	EBIT	Operating PAT	Net Profit (Loss)	Net Assets	Capital Spend	Depreciation/ Amortization
1999							
ASG	$ 4,403	$ 534	$ 341	$ 269	$1,759	$190	$142
AAG	2,955	294	180	127	1,965	117	76
EFMG	2,495	223	143	104	1,861	135	117
CVS	1,904	208	127	91	688	48	34
OHSG	870	61	37	24	560	31	37
DCC			34	34	145		
Other	532	(169)	(184)	29	262	26	23
Total operations	13,159	1,151	678	678	7,240	547	429
Restructuring and nonrecurring 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 nonrecurring items		(229)	(165)	(165)			
Consolidated	$13,159	$ 922	$ 513	$ 513	$7,240	$547	$429
2000							
ASG	$ 4,522	$ 415	$ 282	$ 193	$2,036	$180	$149
AAG	2,768	116	71	6	1,903	74	78
EFMG	2,400	180	121	77	1,735	119	113
CVS	1,598	126	76	41	555	32	42
OHSG	786	58	35	21	500	19	29
DCC			35	35	174		
Other	243	(219)	(243)	4	77	10	16
Total operations	12,317	676	377	377	6,980	434	427
Restructuring and nonrecurring 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 nonrecurring items		(25)	(43)	(43)			
Consolidated	$12,317	$ 651	$ 334	$ 334	$6,980	$434	$427
2001							
ASG	**$ 3,717**	**$ 194**	**$ 146**	**$ 68**	**$1,997**	**$188**	**$168**
AAG	**2,538**	**12**	**7**	**(54)**	**1,510**	**36**	**80**
EFMG	**2,137**	**77**	**50**	**8**	**1,430**	**56**	**117**

CVS	1,118	33	20	(10)	407	19	39
OHSG	621	22	13	1	431	13	29
DCC			31	31	198		
Other	140	(191)	(262)	(39)	161	5	14
Total operations	10,271	147	5	5	6,134	317	447
Restructuring and nonrecurring items		(466)	(303)	(303)			
Consolidated	$10,271	$ (319)	$(298)	$(298)	$6,134	$317	$447
North America	$ 7,684	$ 280	$ 167	$ 10	$4,027	$212	$299
Europe	1,704	43	45	8	1,314	49	90
South America	553	13	(3)	(14)	475	28	38
Asia Pacific	330	5	3	(8)	177	25	14
DCC			31	31	198		
Other		(194)	(238)	(22)	(57)	3	6
Total operations	10,271	147	5	5	6,134	317	447
Restructuring and nonrecurring items		(466)	(303)	(303)			
Consolidated	$10,271	$ (319)	$(298)	$(298)	$6,134	$317	$447

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 operations not assigned to the SBUs, discontinued businesses, trailing liabilities for certain 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.

Equity earnings included in the operating PAT and net profit reported in 1999, 2000 and 2001 were $15, $29 and $27 for ASG and $7, $11 and $3 for EFMG. Equity earnings included for the other SBUs were not material.

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

Sales by region are based upon location of the entity recording the sale. Sales from the U.S. amounted to $9,413 in 1999, $8,552 in 2000 and $6,863 in 2001. No other country's sales exceeded 10% of total sales. U.S. long-lived assets were $1,835 in 1999, $1,865 in 2000 and $1,631 in 2001. No other country's long-lived assets exceeded 10% of total long-lived assets.

Net operating assets differ from consolidated assets as follows:

	1999	2000	**2001**
Net operating assets	$ 7,240	$ 6,980	**$ 6,134**
Accounts payable	1,129	1,014	**1,042**
DCC's assets in excess of equity	1,902	2,279	**2,012**
Non-trade receivables and other current assets	655	755	**775**
Other long-term assets	197	208	**244**
Consolidated assets	$11,123	$11,236	**$10,207**

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 life.

Export sales from the U.S. to customers outside the U.S. amounted to $939 in 1999, $832 in 2000 and $649 in 2001. Total export sales (including sales to our non-U.S. subsidiaries which are eliminated for financial statement presentation) were $1,229 in 1999, $1,115 in 2000 and $874 in 2001.

Worldwide sales to Ford Motor Company and subsidiaries amounted to $2,130 in 1999, $2,396 in 2000 and $1,888 in 2001, which represented 16%, 19% and 18% of our consolidated sales. Sales to DaimlerChrysler AG and subsidiaries were $1,777 in 1999, $1,669 in 2000 and $1,169 in 2001 representing 14%, 14% and 11% of our consolidated sales. Sales to Ford were primarily from our ASG and EFMG segments, while sales to DaimlerChrysler were primarily from the ASG and CVS 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	
	1999	2000	**2001**
Current			
U.S. federal	$ 23	$ 22	**$ (94)**
U.S. state and local	15	18	**(5)**
Non-U.S.	139	74	**54**
	177	114	**(45)**
Deferred			
U.S. federal and state	120	48	**(111)**
Non-U.S.	(46)	9	**(5)**
	74	57	**(116)**
Total expense (benefit)	$251	$171	**$(161)**

Deferred tax benefits (liabilities) consist of the following:

	December 31		
	1999	2000	**2001**
Postretirement benefits other than pensions	$ 387	$ 328	**$ 339**
Expense accruals	150	210	**252**
Net operating loss carryforwards	117	128	**234**
Inventory reserves	35	58	**77**
Foreign tax credits recoverable		23	**79**
Other tax credits recoverable		7	**27**
Pension accruals			**33**
Postemployment benefits	38	32	**32**
Other employee benefits	24	23	**20**
Other	63	58	**85**
	814	867	**1,178**
Valuation allowances	(83)	(102)	**(128)**
Deferred tax benefits	731	765	**1,050**
Leasing activities	(441)	(557)	**(678)**
Depreciation — non-leasing	(215)	(239)	**(233)**
Pension accruals	(15)	(12)	
Other	(17)	(17)	**(24)**
Deferred tax liabilities	(688)	(825)	**(935)**
Net deferred tax benefits (liabilities)	$ 43	$ (60)	**$ 115**

Dollars in millions

Note 14. Estimated Income Taxes (Continued)

Worldwide, we have operating loss carryforwards of approximately $687 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 $19 in 2000 and $26 in 2001. Net benefits recognized for loss carryforwards generally relate to the U.S., where we have traditionally been a taxpayer, and Brazil and the United Kingdom, where operating losses may be carried forward indefinitely. Foreign tax credits may be used to offset the U.S. income taxes due on income earned from foreign sources; however, the credit is limited to the total U.S. taxes payable on income from all sources. Excess foreign tax credits may be carried back two years and forward five years. As of December 31, 2000 and 2001, we believe it is more likely than not that we will generate a sufficient level and proper mix of taxable income within the appropriate period to utilize all the foreign tax credits. If we are unable to generate a sufficient level and proper mix of taxable income within the appropriate periods we may be unable to utilize some or all of these tax benefits. The foreign tax credit carryforwards expire as follows: 2003, $5; 2004, $20; 2005, $28; 2006, $26.

Cumulative undistributed earnings of non-U.S. subsidiaries for which U.S. income taxes, exclusive of foreign tax credits, have not been provided approximated $852 at December 31, 2001. 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 2001, a significant amount of the additional tax provision would have been offset by foreign tax credits.

We paid income taxes of $136 in 1999 and $98 in 2000 and received a net refund of $38 in 2001.

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

	Year Ended December 31		
	1999	2000	**2001**
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	2.1	2.3	**4.2**
Non-U.S. income	(4.0)	(5.1)	**(1.6)**
Valuation adjustments	3.3	4.0	**(5.3)**
General business tax credits	(1.9)	(1.7)	**1.9**
Amortization of goodwill	0.6	1.2	**(0.8)**
Miscellaneous items	(1.0)	1.1	**(0.2)**
Effective income tax rate	34.1%	36.8%	**33.2**%

Note 15. Composition of Certain Balance Sheet Amounts

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

	December 31	
	2000	**2001**
Investments and Other Assets		
Goodwill	$ 969	**$ 841**
Investments at equity	965	**877**
Marketable securities, cost of $37 - 2000 and $32 - 2001	41	**33**
Loans receivable	109	**80**
Other	283	**378**
	$2,367	**$2,209**
Property, Plant and Equipment, net		
Land and improvements to land	$ 146	**$ 133**
Buildings and building fixtures	1,167	**1,099**
Machinery and equipment	4,859	**4,808**
	6,172	**6,040**
Less: Accumulated depreciation	2,663	**2,907**
	$3,509	**$3,133**
Deferred Employee Benefits and Other Noncurrent Liabilities		
Postretirement other than pension	$ 831	**$ 834**
Deferred income tax	310	**214**
Pension	109	**299**
Postemployment	82	**82**

Compensation	54	**48**
Other noncurrent liabilities	121	**163**
	$1,507	**$1,640**
Investment in Leases		
Direct financing leases	$ 141	**$ 118**
Leveraged leases	867	**920**
Property on operating leases, net of accumulated depreciation	93	**75**
Allowance for credit losses	(43)	**(31)**
	1,058	**1,082**
Less: Current portion	21	**14**
	$1,037	**$1,068**

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

	December 31	
	2000	**2001**
Total minimum lease payments	$154	**$125**
Residual values	42	**38**
Deferred initial direct costs	2	**2**
	198	**165**
Less: Unearned income	57	**47**
	$141	**$118**

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

	December 31 2000	December 31 2001
Rentals receivable	$ 7,597	**$ 7,574**
Residual values	874	**944**
Nonrecourse debt service	(6,409)	**(6,445)**
Unearned income	(1,185)	**(1,143)**
Deferred investment tax credit	(10)	**(10)**
	867	**920**
Less: Deferred taxes arising from leveraged leases	423	**513**
	$ 444	**$ 407**

Total minimum lease payments receivable on direct financing leases as of December 31, 2001 are as follows:

Year Ending December 31:	
2002	**$ 23**
2003	**21**
2004	**18**
2005	**16**
2006	**12**
Later years	**35**
Total minimum lease payments receivable	**$125**

Total minimum lease payments receivable on operating leases as of December 31, 2001 are as follows:

Year Ending December 31:	
2002	**$20**
2003	**16**
2004	**12**
2005	**10**
2006	**8**
Later years	**15**
Total minimum lease payments receivable	**$81**

Note 16. Fair Value of Financial Instruments

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

	December 31			
	2000		**2001**	
	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Financial assets				
Cash and cash equivalents	$ 179	$ 179	**$ 199**	**$ 199**
Loans receivable (net)	219	228	**108**	**115**
Investment securities	55	55	**46**	**45**
Currency forwards		2	**1**	**1**
Financial liabilities				
Short-term debt	1,526	1,526	**674**	**674**
Long-term debt	3,068	2,943	**3,454**	**3,298**
Security deposits — leases	1		**2**	**2**
Deferred funding commitments under leveraged leases	1	1	**1**	**1**
Interest rate swaps		3	**6**	**6**

Note 17. Commitments and Contingencies

At December 31, 2001, we had purchase commitments for property, plant and equipment of approximately $128. DCC had commitments to provide loan and lease financing in the aggregate amount of $80. 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, 2001, we had contingent obligations of up to $134 related to partial guarantees of third-party loans to equity affiliates.

Future minimum rental commitments under operating leases were $469 at December 31, 2001, with rental payments during the next five years of: 2002, $76; 2003, $70; 2004, $64; 2005, $55 and 2006, $60. Net rental expense was $117 in 1999, $103 in 2000 and $113 in 2001.

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 environmental laws.

With respect to contingent asbestos-related product liability, we had approximately 100,000 asbestos-related claims outstanding at December 31, 2001, including approximately 27,000 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, 2001, we had accrued $102 for contingent asbestos-related product liability costs and recorded $89 as an asset for probable recoveries from insurers for asbestos-related product liability claims, compared to $78 accrued for liabilities and $67 recorded as an asset at December 31, 2000.

At December 31, 2001 and 2000, amounts accrued for contingent environmental liabilities with no recovery expected from other parties were $52 and $40, respectively. At December 31, 2001, $11 was accrued for contingent non-asbestos product liability costs, with no recovery anticipated from third parties; $21 was accrued for liabilities and $2 recorded as an asset at the end of 2000.

Until 2001, the 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. Certain former CCR members have defaulted on the payment of their shares of certain of the CCR-negotiated settlements. As a result, some of the settling parties are seeking payment of the unpaid shares from Dana and the other companies that were members of the CCR at the time of the settlements. We have been working with the CCR, other former CCR members, our insurers and the claimants plaintiffs to resolve these issues. At December 31, 2001, we estimated our contingent liability with respect to these matters to be approximately $44, of which we expect $39 to be recoverable from our insurers and under surety bonds provided by the defaulting CCR members. Our financial statements include our obligation relative to these contingencies, which are separate from the asbestos-related product liabilities discussed above.

We have reviewed all of our pending judicial and legal proceedings, 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.

Dollars in millions

Note 18. Acquisitions

In 1999, we acquired Innovative Manufacturing, Inc., a machining operation that supplies machined castings to our Spicer Outdoor Power Equipment Components Division. We also acquired the remaining interests not previously owned in Industrias Serva S.A. (30%), Dana Heavy Axle Mexico S.A. de C.V. (9%), Automotive Motion Technology Limited (49%) and Echlin Charger Mfg. Co. Pty. Ltd. (8%). These acquisitions were 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 2000. In November 2000, 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 in 2000.

In June 2001, we acquired the remaining 51% interest in Danaven, a Venezuelan operation in which we previously held a minority position. This acquisition was accounted for as a purchase and the results of operations have been included in the consolidated financial statements since the date we attained 100% ownership. We previously accounted for our 49% interest in Danaven under the equity method of accounting. Total assets and debt of Danaven approximated $202 and $92 at June 30, 2001. Sales related to Danaven approximated $64 in 2001.

Note 19. Divestitures

In October 1999, we sold the Coldform operations of our Engine and Fluid Management 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.

In March 2001, we sold Mr. Gasket, Inc., a wholly owned subsidiary. In the second quarter of 2001, we divested our Marion, Ohio forging facility and the assets of our Dallas, Texas and Washington, Missouri Engine and Fluid Management Group operations. In July 2001, we completed the sale of our Chelsea power take-off business to Parker Hannifin Corporation. In September 2001, we completed the sale of our Glacier industrial polymer bearings businesses to Goodrich Corporation. A net after-tax gain of $10 was recorded on these divestitures. Sales reported by these businesses were $241 in 2000 and $105 in 2001, through the dates of divestiture.

Note 20. Restructuring of Operations

During 1999, we continued executing the restructuring and integration plans announced in 1998 following our acquisition of Echlin Inc., including the closing and downsizing of facilities begun in 1998. We 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 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 structures facility and terminate approximately 690 people and recorded restructuring charges of $53. In the fourth quarter of 2000, 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 Management warehouse operations and moving operations from closed facilities.

In the first quarter of 2001, we recorded $22 of restructuring expense in connection with the announced closing of six facilities in the ASG and EFMG and workforce reductions at other facilities. These charges included $10 for employee termination benefits, $7 for asset impairment and $5 for other exit costs and impacted net earnings by $14. We announced additional facility closings in the third quarter and accrued additional restructuring charges of $12, affecting earnings by $7.

In October 2001, we announced plans to reduce our global workforce by more than 15 percent and initiated a review of more than 30 facilities for possible consolidation or closure. These actions were undertaken to reduce capacity and outsource the manufacturing of non-core content. As of December 31, 2001, we had announced the closing of 21 facilities and reduced our work force by more than 7 percent in connection with these plans. Charges related to our actions announced in October were $431 and affected net earnings by $279. Charges for all restructuring activities totaled $440, including $155 for employee terminations, $196 for asset impairments and $89 for exit and other costs. We charged cost of sales for $85 of these expenses, including $38 for inventory impairment. Net earnings in the fourth quarter were impacted by $284.

For the year ended December 31, 2001, we recorded total expenses of $476, including $390 charged to restructuring expense and $86 charged to cost of sales, in connection with our restructuring actions. We expect our actions to reduce our break-even point by eliminating excess capacity.

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

	Employee Termination Benefits	Long-Lived Asset Impairment	Exit Costs	Integration Expenses	Total
Balance at December 31, 1998	$116	$	$ 11	$	$ 127
Activity during the year					
Charges 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					
Charges to expense	62	8	27	76	173
Cash payments	(60)		(20)	(76)	(156)
Write-off of assets		(8)			(8)
Balance at December 31, 2000	93	—	20	—	113
Activity during the year					
Charges to expense	**171**	**166**	**53**		**390**
Cash payments	**(58)**		**(20)**		**(78)**
Write-off of assets		**(166)**			**(166)**
Balance at December 31, 2001	**$206**	**$ —**	**$ 53**	**$ —**	**$ 259**

Employee terminations relating to the plans were as follows:

	1999	2000	**2001**
Total estimated	1,280	1,020	**7,690**
Less terminated:			
1999	(595)		
2000	(615)	(765)	
2001	(30)	(254)	**(3,571)**
Balance at December 31, 2001	**40**	**1**	**4,119**

At December 31, 2001, $259 of restructuring charges remained in accrued liabilities. This balance was comprised of $206 for the reduction of approximately 4,200 employees to be completed in 2002 and $53 for lease terminations and other exit costs. The estimated annual cash expenditures will be approximately $120 in 2002, $38 in 2003 and $101 thereafter. Our liquidity and cash flows will be materially impacted by these actions. It is anticipated that our operations over the long term will benefit from these realignment strategies through reduction of overhead and certain material costs.

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 leveraged leases was $878 in 1999, $403 in 2000 and $163 in 2001; nonrecourse debt obligations repaid were $273 in 1999, $106 in 2000 and $76 in 2001.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Dollars in millions

We began the year 2001 experiencing the fluctuations in production runs that resulted from our original equipment (OE) customers trying to balance existing inventories and production schedules with the demands of an uncertain marketplace. Our efforts were focused on trying to scale our businesses to levels that would get us below conservative estimates for production and avoid the underabsorption of overhead that adversely affected our operating results in 2000. The second quarter provided the first signs that production schedules, while well below prior year levels, might be returning to more predictable patterns and that the efforts to downsize our operations were having a positive effect. Sales in our Automotive Systems Group rose 5% over the first quarter after falling 25% during the four previous quarters. Our automotive aftermarket business also reported measurable sales growth for the first time since the middle of 1999, and consolidated profit after tax increased substantially from the first quarter on a modest overall sales gain.

The optimism generated during the second quarter faded as we moved through the third quarter. Dealer inventory of light vehicles, especially models that are key to Dana, was increasing again despite increased incentives, and additional days were carved out of OE production schedules already reduced by seasonal closings. Hopes for a general recovery in the economy, which would have benefited the vehicular markets, were swept away in the days following September 11. The terrorist attacks resulted in immediate changes in how people and products were transported, especially movement across international borders. For a period of time, production schedules based on just-in-time deliveries were severely impacted by the delays resulting from increased security. The United States acknowledged that its economy was in a recession and consumer confidence declined amid uncertainty as to how long the weakness would last.

We faced the extraordinary challenges posed by the situation by making a number of difficult decisions that were necessary to properly align our resources with customer demand, ensure an adequate return on committed capital and preserve cash. In October, we initiated a review of more than 30 facilities for consolidation or closure, committed to reducing our work force by more than 15%, announced plans to sell the businesses of Dana Credit Corporation (DCC) and reduced our fourth quarter dividend to one cent per share. By the end of the quarter, we had announced the closure of 21 facilities and had reduced our work force by 7%. Additional closures are planned for 2002. Executing these restructuring plans continues to be our primary focus in 2002.

Liquidity and Capital Resources

Cash Flows – Operating activities in 2001 generated positive cash flow of $639, declining $345 from the prior year. The primary component of the change was earnings, as the $298 net loss in 2001 represents a $632 decrease from the net income of $334 reported in 2000. Included in the $476 of expenses related to our 2001 restructuring activities were charges of $206 related to the impairment of inventory and long-lived assets which did not require the use of cash. Our continuing focus on reducing working capital helped generate $350 during the year, including $303 from reductions in accounts receivable and inventory. This result was achieved despite the repayment of approximately $100 financed by a sale of accounts receivable at the end of 2000 and payment of $104 representing the final installment on our investment in GETRAG Cie. The latter item affected working capital through its inclusion in other accrued liabilities at the end of 2000.

Efforts to control capital spending impacted cash flows from investing activities in 2001. After reducing capital spending by 18% in 2000, we carved $237 or 36% from last year's total to finish at $425. Divestitures generated proceeds of $236 in 2001, while the acquisition of the remaining 51% interest in Danaven, a Venezuelan affiliate in which we previously held a minority position, required a $21 outlay. Net loan activity of our DCC businesses in 2001 resulted in proceeds of $112, while loan activity in 2000 required $82.

Our 2001 cash flows related to financing activities included an $888 reduction of net short-term borrowings, reflecting the application of a large portion of the proceeds from our August note placement and also cash available from the working capital reduction. Due to the reduced level of investments in new leases, DCC was able to use lease payments and proceeds from asset sales to fund $205 of the reduction in short-term debt. The new notes drove the net cash inflow of $346 related to long-term debt; however, a portion of the proceeds from those issues was used to retire medium-term notes. These debt reductions were partially offset on our balance sheet by the consolidation of approximately $90 of debt in the second quarter of 2001 in connection with our purchase of the interest in Danaven. The $140 of dividends paid in 2001 reflects a $47 reduction over 2000 as a result of reducing our quarterly dividend to one cent per share in the final quarter of 2001. Financing cash flows in 2000 included $381 expended for stock repurchases, which were discontinued in September 2000.

Managing our cash remains a high priority in 2002, especially in light of the $300 of cash outlays expected in connection with our restructuring activities. Based on the levels of production we have assumed for 2002, we are currently projecting a $100 decrease in working capital, exclusive of our restructuring activities. Within our investing activities, we have budgeted capital spending of approximately $275 in 2002 and expect to realize $300 or more in proceeds from divestitures. Annualizing the present quarterly dividend would result in related outflows of $6 versus the $140 paid in 2001. Hitting these targets should enable us to significantly reduce our outstanding debt during 2002.

Financing Activities – Until the end of 2000, we had generally relied on the issuance of commercial paper to satisfy a significant portion of our short-term financing requirements. However, the debt rating services lowered our credit ratings in the first quarter of 2001, primarily due to the significant downturn in our markets since the fourth quarter of 2000 and the impact of the downturn on our operations. Following the rating actions, the commercial paper markets ceased to be available to us and we began borrowing against our committed bank lines.

In March 2001, we established a $400 accounts receivable securitization program. The initial proceeds were used to reduce debt, including amounts outstanding under our revolving credit facilities. The amounts outstanding under the program are reflected as short-term borrowings in our consolidated financial statements. The amounts available under the program are subject to reduction based on significant adverse changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the underlying accounts receivable. This program is subject to termination by the lenders in the event our credit ratings are lowered beyond a level specified in the agreement.

In August 2001, we completed the private placement of $575 and €200 of 10-year unsecured senior notes. We used the proceeds from these notes, along with a portion of the proceeds from divestitures, to further reduce borrowings under Dana's revolving credit facilities and satisfy maturities of existing medium-term debt, thereby extending the overall maturity of our outstanding debt.

In December 2001, we entered into a new 364-day revolving credit facility with a group of banks and amended our existing long-term facility, which matures on November 15, 2005. The 364-day facility provides for a maximum borrowing capacity of $250 while the long-term facility has a borrowing capacity of $500. The interest rates under these facilities equal LIBOR or the prime rate, plus a spread that varies depending on our credit ratings. The 364-day facility provides each participating bank the option to terminate its commitment on April 30, 2002 unless we receive net cash proceeds of at least $200 by April 1, 2002 from the issuance of debt in the capital markets or equity interests, or the sale of assets. If the net cash proceeds generated by these activities through December 18, 2002 exceed $200, the maximum borrowing capacity under the 364-day facility will be reduced by 50% of the excess. Both facilities require us to maintain specified financial ratios as of the end of each quarter, including the ratio of net senior debt to tangible net worth; the ratio of earnings before interest, taxes and depreciation and amortization (EBITDA) less capital spend to interest expense; and the ratio of net senior debt to EBITDA. For purposes of these ratios, tangible net worth excludes deferred currency translation adjustments, the 2001 minimum pension liability adjustment and intangible assets, and EBITDA excludes cash restructuring charges incurred from the fourth quarter of 2001 through the first quarter of 2003, to a maximum of $500, equity earnings, minority interest and certain other non-cash items. The ratio calculations are based on Dana's consolidated financial statements with DCC accounted for on the equity basis.

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

Committed and uncommitted bank lines enable us to make direct bank borrowings. Excluding DCC, we had committed and uncommitted borrowing lines of $1,148 at December 31, 2001. This amount includes our revolving credit facilities, of which $250 matures in December 2002 and $500 matures in November 2005. We also have a total capacity of $400 under the accounts receivable securitization program. Accordingly, we have a total short-term borrowing capability of $1,548, of which $1,105 was available at the end of 2001. In addition, DCC had credit lines of $559 at December 31, 2001, including two revolving credit facilities with an aggregate maximum borrowing capacity of $463. One facility matures in June 2002 and has a maximum borrowing capacity of $213. The other facility matures in June 2004 and has a maximum borrowing capacity of $250. The interest rates under these facilities equal LIBOR or the prime rate, plus a spread that varies depending on DCC's credit ratings. At December 31, 2001, approximately $231 was outstanding under the DCC lines, including $195 under the revolving credit facilities.

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

Hedging Activities – We utilize derivative financial instruments, to a limited extent, to hedge principally against the effects of fluctuations of foreign currency exchange rates and interest rate movements (see Notes 1,7 and 16 to the financial statements). To accomplish these purposes, we use forward contracts to hedge against foreign currency movements and interest rate swaps to hedge against interest rate fluctuations and to balance the mix of fixed and variable rate debt. We do not use derivative instruments for trading purposes. Our policy requires that our business units involve our Treasury staff in the execution of all derivative contracts.

At December 31, 2001, we had a number of open forward contracts to hedge against certain anticipated net purchase and sale commitments. These contracts are for a short duration and none extend beyond 2002. The aggregate fair value of these contracts is a favorable amount less than $1. These contracts have been valued by independent financial institutions using the exchange spot rate on December 31, 2001, plus or minus quoted forward basis points to determine a settlement value for each contract.

In order to provide a better balance of fixed and variable rate debt, we have interest rate swap agreements in place to effectively convert the fixed interest rate on our 9% dollar and euro denominated notes to variable rates. These swap contracts have been designated as hedges and the impact of the change in their value is offset by an equal and opposite change in the carrying value of the notes. Under the contracts, we receive a fixed rate of interest of 9% on notional amounts of $575 and €200 and we pay a variable rate based on either the LIBOR, plus a spread, or the EURIBOR, plus a spread, respectively. The swap contracts expire in August 2011, which coincides with the term of the notes. DCC also has several interest rate swap contracts that have an aggregate notional amount of $95. Unlike the swap agreements hedging the 9% notes, the DCC swap contracts call for DCC to receive a variable amount of interest, based on prevailing short term market rates, and pay a fixed amount that averages 7.13%. DCC's swaps expire in 2002 ($50) and 2003 ($45). The fair value of all interest rate swaps at December 31, 2001 is reflected as a $6 liability in the balance sheet. The fair values of these swaps, by year of maturity, are net credits of $1 in 2002, $3 in 2003 through 2004 and $2 beyond 2006. The fair values of all swaps were determined by obtaining pricing estimates from independent financial institutions.

Cash Obligations – Under various agreements, we are obligated to make future cash payments in fixed amounts. These include payments under our long-term debt agreements, rent payments required under operating lease agreements, firm commitments made to acquire equipment and other fixed assets and purchases of certain raw materials. With the exception of payments required under our long-term debt and operating lease agreements, we do not have fixed cash payment obligations beyond 2003.

Dollars in millions

The following table summarizes our fixed cash obligations over various future periods.

	Payments Due by Period				
Contractual Cash Obligations	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
Long-Term Debt	$3,454	$446	$634	$192	$2,182
Operating Leases	469	76	134	115	144
Unconditional Purchase Obligations	244	236	8	—	—
Total Contractual Cash Obligations	$4,167	$758	$776	$307	$2,326

The unconditional purchase obligations presented are composed principally of commitments for procurement of fixed assets and the purchase of raw materials.

In addition to fixed cash commitments, we may have future cash payment obligations under arrangements where we are contingently obligated if certain events occur or conditions are present. We have guaranteed $1 of short-term borrowings of a non- U.S. affiliate accounted for under the equity method of accounting. DCC has guaranteed portions of the borrowings of its affiliates that are accounted for under the equity method. DCC's aggregate exposure under several of the guarantees is $24. Under another guarantee, DCC's exposure for changes in interest rates resulting from specific events described in the financing arrangements would vary but should not exceed $49 and its exposure for certain of the other guaranteed obligations is limited to $60. The term of the affiliates' financing agreements is one year. DCC anticipates that the affiliates will renew these arrangements on substantially the same terms as the current agreements. If this occurs, it is likely that DCC would provide similar guarantees. We do not expect to make any cash payments relating to these potential obligations.

At December 31, 2001, we had contingent liability for stand-by letters of credit totaling $109 issued on our behalf by financial institutions. These letters of credit are used principally for the purpose of meeting various states' requirements in order to self- insure our workers compensation obligations. These stand-by letters of credit must be renewed each year. We accrue the estimated liability for workers compensation claims, including incurred but not reported claims. Accordingly, no significant impact on our financial condition would result if the letters of credit were drawn.

Contingencies – 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 environmental laws. We have reviewed our pending judicial and legal proceedings, 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.

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 continued to administer Dana's claims and provide some legal and claims adjusting support through July 31, 2001. Since February 2001, there has been no sharing of indemnity costs and we have independently controlled our legal strategy and settlements. As of August 1, 2001, our claims administration was moved to a new organization, PACE, which is a subsidiary of Peterson Consulting, Inc. We do not expect these changes to materially affect our handling of asbestos claims or the costs thereof. However, there has been a marked increase in the number of claims filed against Dana since the CCR was reorganized. We believe that claimants are naming all former members of the CCR in individual claims, since all members of the CCR had previously participated in claims filed against any single member. As a result, many of the new claimants are parties that have no direct association with products manufactured by Dana. Since the reorganization of the CCR, a greater number of claims against Dana have been dismissed and the average cost of settlement has declined.

With respect to contingent asbestos-related product liability, we had approximately 100,000 asbestos-related claims outstanding at December 31, 2001, including approximately 27,000 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, 2001, we had accrued $102 for contingent asbestos-related product liability costs and recorded $89 as an asset for probable recoveries from insurers for asbestos-related product liability claims, compared to $78 accrued for such liabilities and $67 recorded as an asset at December 31, 2000.

At December 31, 2001, $11 was accrued for contingent non-asbestos product liability costs with no recovery anticipated from third parties; at the end of 2000, $21 was accrued for such liabilities and $2 recorded as an asset for probable recoveries.

We estimate contingent environmental liabilities 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 and 2001, the amounts accrued for contingent environmental liabilities with no recovery expected from other parties were $40 and $52, respectively.

At December 31, 2001, the difference between our minimum and maximum estimates for contingent liabilities, while not considered material, was $13 for the non-asbestos product liability claims and $2 for the environmental liability claims, compared to $14 and $2, respectively, at the end of 2000.

As noted above, the majority of our asbestos-related claims were administered by the CCR through February 2001, at which time the CCR was reorganized and discontinued negotiating shared settlements. Certain former CCR members have defaulted on the payment of their shares of certain of the CCR-negotiated settlements. As a result, some of the settling parties are seeking payment of the unpaid shares from Dana and the other companies that were members of the CCR at the time of the settlements. We have been working with the CCR, other former CCR member companies, our insurers and the claimants to resolve these issues. At December 31, 2001, we estimated our contingent liability with respect to these matters to be approximately $44, of which we expect $39 to be recoverable

from our insurers and under surety bonds provided by the defaulting CCR members. Our financial statements include our obligation relative to these contingencies, which are separate from the asbestos-related product liabilities discussed above.

Restructuring

During 1999, we continued executing the restructuring and integration plans announced in 1998 following our acquisition of Echlin Inc., including the closing and downsizing of facilities begun in 1998. We 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 was charged to income during 1999. This amount consisted of $181 charged to restructuring and integration, $57 charged to cost of sales and a $9 gain recorded in other income on the sale of our marine and outdoor power equipment business, Sierra International Inc. (Sierra).

During the third quarter of 2000, we announced plans to close our Reading structures facility and terminate approximately 690 people and recorded restructuring charges of $53. In the fourth quarter of 2000, 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 Management warehouse operations and moving operations from closed facilities.

In the first quarter of 2001, we recorded $22 of restructuring expense in connection with the announced closing of six facilities in the ASG and EFMG and workforce reductions at other facilities. These charges included $10 for employee termination benefits, $7 for asset impairment and $5 for other exit costs and impacted net earnings by $14. We announced additional facility closings in the third quarter and accrued additional restructuring charges of $12, affecting earnings by $7.

In October 2001, we announced plans to reduce our global workforce by more than 15% and initiated a review of more than 30 facilities for possible consolidation or closure. These actions were undertaken to reduce capacity and outsource the manufacturing of non-core content and other non-core processes. As of December 31, 2001, we had announced the closing of 21 facilities and reduced our work force by more than 7% in connection with these plans. Charges related to our actions announced in October were $431 and affected net earnings for the quarter by $279. Charges for all restructuring activities during the quarter totaled $440, including $155 for employee terminations, $196 for asset impairments and $89 for exit and other costs. We charged cost of sales for $85 of these expenses, including $38 for inventory impairment. Net earnings in the fourth quarter of 2001 were impacted by $284.

For the year ended December 31, 2001, we recorded total expenses of $476, including $390 charged to restructuring expense and $86 charged to cost of sales, in connection with our restructuring actions. In 2002, we expect to reduce our workforce further and announce additional facility closures related to our October 2001 initiatives. We expect the cost of these actions, along with related activities that must be expensed as incurred, to reduce our 2002 net income by $166. Including these projected expenses, the total after-tax cost of our October 2001 initiatives is estimated at $445. We expect our actions to reduce our break-even point by eliminating excess capacity. The related savings for the year ending December 31, 2002 are projected to be at least $80 after tax.

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

	Employee Termination Benefits	Long-Lived Asset Impairment	Exit Costs	Integration Expenses	Total
Balance at December 31, 1998	$116	$	$ 11	$	$ 127
Activity during the year					
Charges 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					
Charges to expense	62	8	27	76	173
Cash payments	(60)		(20)	(76)	(156)
Write-off of assets		(8)			(8)
Balance at December 31, 2000	93	—	20	—	113
Activity during the year					
Charges to expense	**171**	**166**	**53**		**390**
Cash payments	**(58)**		**(20)**		**(78)**
Write-off of assets		**(166)**			**(166)**
Balance at December 31, 2001	**$206**	**$ —**	**$ 53**	**$ —**	**$ 259**

Dollars in millions

Employee terminations relating to the plans were as follows:

	1999	2000	**2001**
Total estimated	1,280	1,020	**7,690**
Less terminated:			
1999	(595)		
2000	(615)	(765)	
2001	(30)	(254)	**(3,571)**
Balance at December 31, 2001	**40**	**1**	**4,119**

At December 31, 2001, $259 of restructuring charges remained in accrued liabilities. This balance was comprised of $206 for the reduction of approximately 4,200 employees to be completed in 2002 and $53 for lease terminations and other exit costs. The estimated annual cash expenditures will be approximately $120 in 2002, $38 in 2003 and $101 thereafter. Additional cash requirements will arise in 2002 as the remaining facility closures and work force reductions under the October 2001 plan are implemented. We currently expect the total cash expenditures in 2002 relative to the October 2001 initiatives to approximate $300. Our liquidity and cash flows, while projected to be more than adequate to satisfy our obligations related to our restructuring plans, will be adversely impacted in 2002 by these expenditures.

Critical Accounting Policies

The following discussion of accounting policies is intended to supplement the Summary of Significant Accounting Policies presented as Note 1 to our 2001 financial statements. These policies were selected because they are broadly applicable within our operating units. The expenses and accrued liabilities or allowances related to certain of these policies are initially based on our best estimates at the time of original entry in our accounting records. Adjustments are recorded when our actual experience differs from the expected experience underlying the estimates. These adjustments could be material if our experience were to change significantly in a short period of time. We make frequent comparisons of actual experience and expected experience in order to mitigate the likelihood of material adjustments.

Goodwill and Impairment of Long-Lived Assets – We perform impairment analyses of our recorded goodwill and long-lived assets whenever events and circumstances indicate that they may be impaired. When the undiscounted cash flows, without interest or tax charges, are less than the carrying value of the assets being reviewed for impairment, the assets are written down to fair market value. During 2001, we recorded goodwill and long-lived asset impairment provisions of $166, which largely resulted from the downturn in our markets and the resulting restructuring of our operations.

The adoption of SFAS 142, Goodwill and Other Intangible Assets (SFAS 142) on January 1, 2002, will change our methodology for assessing goodwill impairments. We believe that the initial application of this statement is likely to result in the impairment of goodwill due to the differences in the methods of calculating impairment. We have substantially completed the first step of the initial impairment test required by SFAS 142 and identified $400 of goodwill that may be impaired based upon the new accounting requirements. We will complete the impairment testing required to determine the actual amounts of goodwill impaired in 2002.

Inventory – Inventories are valued at the lower of cost or market. Cost is generally determined on the last-in, first-out basis for U.S. inventories and on the first-in, first-out or average cost basis for non-U.S. inventories. Where appropriate, standard cost systems are utilized for purposes of determining cost; the standards are adjusted as necessary to ensure they approximate actual costs. Estimates of lower of cost or market value of inventory are determined at the reporting unit level and are based upon the inventory at that location taken as a whole. These estimates are based upon current economic conditions, historical sales quantities and patterns and, in some cases, the specific risk of loss on specifically identified inventories.

Sales Returns and Allowances – Accruals for sales returns and allowances are provided at the time of shipment based upon past experience and are recorded as a reduction of sales. The estimated value of product that will be returned to inventory as a result of returns is recorded as a reduction of cost of sales and the accrued returns allowance. As new information becomes available the accruals are adjusted accordingly. Accrued liabilities at December 31, 2000 and 2001 were $67 and $66, respectively.

Warranty – Estimated costs related to product warranty are accrued at the time of sale and included in cost of sales. Estimated costs are based upon past warranty claims and sales history and adjusted as required to reflect actual costs incurred, as information becomes available. Warranty expense totaled $68, $90 and $92 in 1999, 2000 and 2001, respectively. Accrued liabilities for warranty expense at December 31, 2000 and 2001 was $127 and $138, respectively.

Pension and Postretirement Benefits Other Than Pensions – Annual net periodic expense and benefit liabilities under our defined plans are determined on an actuarial basis. Each September, we review the actual experience compared to the more significant assumptions used and make adjustments to the assumptions, if warranted. The healthcare trend rates are reviewed with the actuaries based upon the results of their review of claims experience. Discount rates are based upon an expected benefit payments duration analysis and the equivalent average yield rate for high-quality fixed-income investments. Pension benefits are funded through deposits with trustees and the expected long-term rate of return on fund assets is based upon actual historical returns modified for known changes in the market and any expected change in investment policy. Postretirement benefits are not funded and our policy is to pay these benefits as they become due.

Certain accounting guidance, including the guidance applicable to pensions, does not require immediate recognition of the effects of a deviation between actual and assumed experience or the revision of an estimate. This approach allows the favorable and unfavorable effects that fall within an acceptable range to be netted. Although this netting occurs outside the basic financial statements, disclosure of the net amount is disclosed as an unrecognized gain or loss in the footnotes to our financial statements. The actuarial loss related to our 2001 return on pension plan assets was offset, in part, by the unamortized portion of gains

experienced in prior years. A portion of the unrecognized loss of $229 will be amortized into earnings in 2002. The effect on years beyond 2002 will depend in large part on the actual experience of the plans in 2002.

Other Loss Reserves – We have numerous other loss exposures, such as environmental claims, product liability, litigation, recoverability of deferred income tax benefits, accounts receivable and loan and lease loss reserves. Establishing loss reserves for these matters requires the use of estimates and judgment in regards to risk exposure and ultimate liability. We estimate losses under the programs using consistent and appropriate methods; however, changes to our assumptions could materially affect our recorded liabilities for loss. Where available we utilize published credit ratings for our debtors to assist us in determining the amount of required reserves.

Results of Operations (2001 versus 2000)

Our worldwide sales decreased $2,046 in 2001 to $10,271, a 17% decline from the $12,317 recorded in 2000. The decline included $113 related to the effect of divestitures, net of acquisitions, and $232 of adverse effects of currency fluctuations. Excluding these effects, worldwide sales decreased $1,701 or 14%. Our worldwide experience was largely based on our volume in the U.S., where 2001 sales of $6,863 represented a decline of $1,689 or 20% versus the prior year. Excluding the net effect of acquisitions and divestitures, U.S. sales declined $1,538 or 18%.

Overall sales outside the U.S. fared better, slipping $357 or 9% compared to last year. Nearly two-thirds of the decline resulted from the strengthening of the U.S. dollar relative to foreign currencies since last year. The currencies accounting for the largest components of the approximately $232 adverse impact were the Brazilian real ($87), the euro ($44), the Canadian dollar ($30), the Australian dollar ($24), and the British pound ($21). Excluding the adverse effects of currency fluctuations and acquisitions and divestitures, sales decreased $89 or 2%. The net decline related to acquisitions and divestitures was $36.

Sales by region for the year were as follows:

	2000	**2001**	% Change	% Change Excluding Acquisitions & Divestitures
North America	$9,449	**$7,684**	(19)	(17)
Europe	1,947	**1,704**	(12)	(11)
South America	563	**553**	(2)	(15)
Asia Pacific	358	**330**	(8)	(9)

Sales in North America decreased $1,765 or 19% for the period. Excluding the effect of divestitures, the decline was $1,614 or 17%. As noted above, the relative weakness of the Canadian dollar accounted for $30 of the reduction in sales. European sales were down 9% in local currency but conversion to U.S. dollars pared another $69 for a total decline of $243 or 12%. Sales lost through divestitures exceeded the amount added through acquisitions by $39. South American sales improved 16% in local currencies and net acquisitions added $73, but sales were down $10 or 2% after absorbing $100 of adverse currency effects. Sales in Asia Pacific were down $28 as $35 of adverse currency impact was partially offset by local growth of $3 and a $4 net effect of acquisitions and divestitures.

Our Strategic Business Units (SBUs) – Automotive Systems Group (ASG), Automotive Aftermarket Group (AAG), Engine and Fluid Management Group (EFMG), Commercial Vehicle Systems (CVS), Off-Highway Systems Group (OHSG) and Dana Credit Corporation (DCC) – represent our business segments. We realigned certain businesses within our SBU structure in 2001. The most significant change was consolidating our Engine Systems and Fluid Systems Groups into the newly created EFMG. Our segment information has been restated to reflect the changes made to the SBU alignment in 2001.

Sales by SBU for 2000 and 2001 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 the SBUs.

	2000	**2001**	% Change	% Change Excluding Acquisitions & Divestitures
ASG	$4,522	**$3,717**	(18)	(20)
AAG	2,768	**2,538**	(8)	(7)
EFMG	2,400	**2,137**	(11)	(10)
CVS	1,598	**1,118**	(30)	(27)
OHSG	786	**621**	(21)	(20)
Other	243	**140**	(42)	(32)

ASG incurred a sales decline in 2001 of $805 or 18% when compared to 2000. The North American region experienced $742 of this shortfall. The decline in production volume which began in the second half of 2000 continued for North American light vehicle and heavy truck manufacturers in 2001, with light vehicle production dropping to 15.5 million units from 17.2 million units in 2000. Sales in both markets were generally flat in the first quarter of 2001 when compared to the fourth quarter of 2000, but demand was sporadic and margins were adversely affected by the high volume of production shift cancellations by our OE customers. The production schedules improved in the second quarter of 2001 in terms of volume but still displayed some of the irregularities of the first quarter. In the third quarter, the number of production shifts cancelled by our OE customers was nearly identical to what we experienced in the first quarter of 2001, as our customers countered excess dealer inventories with incentives and reduced production. Record incentives late in the year were effective in reducing the overall dealer inventories of our customers to a 15-year low, but production levels declined further. In addition, Ford and Chrysler vehicles in general and certain models with high Dana content in particular declined more than the light vehicle market overall in 2001. The decline in heavy truck production which began in the middle of 2000 continued through the end of 2001. The North American heavy truck market saw more than a 40% reduction in volume when compared to 2000. Outside North America, the regions reported an aggregate sales decrease of $63. Sales in Europe were down $49 as an adverse currency impact of $19 and $42 of organic declines (organic decline being the residual change after excluding the effects of acquisitions, divestitures and currency changes) more than offset acquisition benefits of $12. Sales in South America were $10 below the same period in the prior year, as the $14 of organic decline and $45 of adverse effects of

weaker currencies more than offset the net acquisition impact of $49. Sales in Asia Pacific were flat with currency declines of $29 offsetting acquisition impact of $21 and modest organic growth.

Dollars in millions

AAG also ended the year with a decline in sales. Most of the decline was in North America, which represents more than three- fourths of its global market, where volumes were down $187 or 8%. While there was a reported improvement in domestic aftermarket retail sales in 2001, this did not significantly improve our sales, as retailers generally met the higher demand with existing inventory. Divestitures also contributed $44 to the decline. Sales in Europe declined $25 due to $8 in adverse currency effects and a $17 decline in organic sales. Sales in South America were down $2 as a $23 currency decrease was partially offset by local growth of $15 and $6 of acquisition impact. Divestitures accounted for $13 of the $16 sales decline recorded in Asia Pacific.

EFMG experienced a sales decrease of $263 or 11% for 2001 versus last year. Sales for the final quarter of 2001 held even with the third quarter, which had shown a 14% decline from the second quarter of the year. The Fluid Systems business in this group benefited from having content on models that avoided the severe OE production cuts that have affected most of the other SBUs. Sales in North America were down $231 or 14% as the automotive, commercial vehicle and aftermarket sectors all trailed prior year volumes. Sales in Europe were down $31 or 5% with adverse currency effects of $25 playing a significant role. Sales were generally flat in South America as adverse currency effects of $22 were nearly offset by organic growth of $15 and a net acquisition impact of $5.

CVS experienced a year-on-year decline in sales in 2001 of $480 or 30% for the reasons cited relative to the heavy truck market in the discussion of ASG above. The decline in CVS sales included $60 of divestiture impact, $56 of which was in North America. Excluding this effect, sales in North America for the period were 26% below those of 2000. Aggregate sales for the other three regions declined $33 or 36% in a year-on-year comparison with $7 due to divestitures and adverse currency effects.

OHSG finished the year down $165 or 21% in sales versus 2000, with $9 resulting from divestitures, all in North America. Currency impact accounted for $19 of the decline, and organic sales fell $92 in North America, where overall markets were weak, and $49 in Europe, where the construction market softened and the agricultural market remained weak.

Sales in Other decreased $104 or 43% compared to 2000, reflecting the sale of most of the Warner Electric businesses at the end of February 2000.

Revenue from lease financing decreased $28 or 20% in 2001 as DCC realized a decline of $24 on reduced leasing activity, including a $10 decline in income realized on the sale of leased assets, and a $4 decline in its interest income.

In 2001, other income included a $50 gain on the divestitures of our Chelsea power take-off business and of our Glacier industrial bearings businesses. Also included in 2001 was a $35 loss on the sales of our Mr. Gasket subsidiary, our Marion, Ohio forging facility and the assets of our Dallas, Texas and Washington, Missouri Engine and Fluid Management Group operations. Included in the total for 2000 was $179 of gains on the divestitures of the Gresen hydraulics business, certain portions of our constant velocity joint business, most of the global Warner Electric businesses and the Commercial Vehicle Cab Systems Group. In addition, a $10 net charge related to final settlement of the Midland Grau divestiture was recorded in the third quarter of 2000, bringing to $169 the amount of net non-recurring income included in other income.

Gross margin for 2001 was 9.8% versus 13.9% in 2000. Margins in all our SBUs were severely affected as the decline in volume reduced our ability to absorb fixed operating expenses. Cost of sales included charges of $86 in 2001 and $17 in 2000 in connection with our restructuring activities.

Selling, general and administrative (SG&A) expenses decreased $147 during 2001 compared to last year. The net effect of divestitures accounted for $21 of this change, and currency exchange caused another $20 of the decline. The largest changes occurred in Europe, where currency fluctuations caused $7 of the $33 non-divestiture related decrease. Most of the remaining decrease was from the North American region, where our operating units scaled their capacity in reaction to severely reduced customer production schedules in the light truck and commercial vehicle markets.

Operating margin (our gross margin reduced by SG&A expenses) was 0.2% in 2001 compared to 4.8% in 2000 for the above reasons.

Interest expense was $14 lower as a result of lower debt and reduced rates.

Both the effective tax rates and the comparison of the effective tax rates for 2001 and 2000 are impacted by the substantial pre-tax loss reported in 2001. Because of the pre-tax loss in 2001, certain permanent differences between financial accounting rules and tax regulations that increase the tax rate when we report pre-tax income serve to reduce the effective rate.

Equity in earnings of affiliates in 2001 was $22 lower than in 2000. The $39 reduction in equity earnings in Mexico and the $11 decrease in earnings from DCC's equity investments adversely affected this line item. Partially offsetting these items were the earnings related to our investment in GETRAG and the loss reduction that occurred when we acquired the remaining interest in Danaven and began consolidating its results.

We reported a $298 net loss in 2001 versus net income of $334 reported in 2000. Comparisons are made difficult by the unusual charges and one-time gains recorded in both years. In 2001, we recorded after-tax charges of $313 in connection with our restructuring efforts and $10 of gains on divestitures. In 2000, we recorded $43 of restructuring and other unusual charges net of the gains recorded on several divestitures. Excluding these items, earnings would have been $5 in 2001 and $377 in 2000.

Unusual items in 2001 included net after-tax charges of $41 in ASG, $85 in AAG, $108 in EFMG, $12 in CVS and $43 in OHSG; a net charge of $14 was reflected in the Other category. In 2000, unusual charges were $47 in ASG, $39 in AAG and $32 in EFMG, while one-time gains were $27 in CVS, $16 in OHSG and $32 in Other.

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 in the decline. 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.

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.

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

	1999	2000	% Change	% Change Excluding Acquisitions & Divestitures
North America	$10,308	$9,449	(8)	(4)
Europe	2,051	1,947	(5)	(8)
South America	549	563	3	14
Asia Pacific	251	358	43	43

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.

Sales by SBU for 1999 and 2000 are presented in the following table. DCC did not record sales in either year.

	1999	2000	% Change	% Change Excluding Acquisitions & Divestitures
ASG	$4,403	$4,522	3	—
AAG	2,955	2,768	(6)	(5)
EFMG	2,495	2,400	(4)	(4)
CVS	1,904	1,598	(16)	(11)
OHSG	870	786	(10)	1
Other	532	243	(54)	(1)

ASG sales in North America decreased $103 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. 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 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 2000 with a $187 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.

Sales in EFMG declined $95 in 2000 as North America lost $42 in its ongoing operations and another $6 due to a divestiture. Operations in Europe incurred currency losses of $78 to account for their $52 sales decline after $27 of organic growth. Sales in South America were up slightly due to modest internal growth.

CVS 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. CVS 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.

OHSG sales fell $84 overall in 2000 as the divestiture of the Gresen Hydraulics business in January 2000 resulted in a $99 decline in sales and adverse currency impacts accounted for another $44. Organic growth was flat. North American sales declined $96 with $86 attributable to the Gresen divestiture. In Europe, sales were $14 higher as much of the $58 added through acquisitions was offset by a $44 adverse effect from weakness in the euro. South American sales were down $3 as $8 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 a $17 increase 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 CVS 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.

Dollars in millions

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 restructuring and other unusual items recorded in both years. In 1999 we recorded $165 of such charges net of the gain recorded in the AAG on the sale of Sierra. In 2000, we recorded $43 of restructuring and other unusual charges net of the gains recorded on several divestitures. Excluding these items, earnings would have been $377 in 2000 and $678 in 1999.

Unusual items in 2000 included net charges of $47 in ASG, $39 in AAG, $32 in EFMG and net credits of $27 in CVS and $16 in OHSG; a net gain of $32 was reflected in the Other category. In 1999, unusual charges were $59 in ASG, $40 in AAG, $3 in CVS, $34 in EFMG, $1 in OHSG and $28 in Other.

Market Trends

The light vehicle market in North America is difficult to project as we pass the midpoint in the first quarter of 2002. One uncertainty is the impact that the record incentives offered in the fourth quarter of 2001 will have on future retail sales volume. Absent broader economic recovery, demand may weaken in the first half of 2002. We remain conservative in projecting light vehicle production of 14.5 million units in North America in 2002. No improvement is anticipated in the light vehicular markets outside North America in 2002.

The automotive aftermarket continues to demonstrate strength at the retail level. As our customers resolve their consolidation and inventory reduction issues, which adversely affected our AAG sales in the second half of 2001, we expect increased demand for our products in 2002. Combined with the effect of price increases implemented in recent months and others planned for this year, we expect the increase in demand to result in modest growth in our automotive aftermarket business during 2002.

Inventory levels in the heavy truck market declined by nearly 50% in 2001, while production for the year was down more than 40%. The inventory reduction was a prerequisite for the leveling out expected in this market. Although preliminary orders for heavy trucks reported for January 2002 were at their highest level in nearly two years, they represent relatively modest improvement on an historic scale. The new EPA standards governing diesel engine emissions that become effective in October 2002 could impact the timing of 2002 production if customers rush to buy units in advance of the new standards. This possibility may make it difficult for us to interpret the monthly volume of orders and production, but we expect North American heavy truck volume to approximate 130,000 units for the year.

We expect to benefit from net new business estimated at $405 for 2002 and approximately $6,000 through 2006, based on our review of the production projections of our OE customers. New business wins in 2001 included innovative products for Ford and General Motors, as well as for non-U.S.-based manufacturers, including BMW, Isuzu, Nissan, Toyota and Volkswagen. In the heavy truck market, key wins in 2001 included business with International and PACCAR.

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 national and international economic conditions (including additional adverse effects from terrorism or hostilities); 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 in the timing, size and continuation of our customers' 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; our ability to complete the sale of DCC's businesses and other divestitures as contemplated; and the success of our restructuring, cost reduction and cash management programs and of our long-term transformation strategy for the company.

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 2000 and 2001. At December 31, 2001, the closing price of Dana common stock was $13.88.

	Stock Price						Cash Dividends Declared and Paid	
	2000			**2001**			2000	**2001**
Quarter Ended	High	Low	Close	**High**	**Low**	**Close**		
March 31	$33.25	$20.31	$28.19	**$20.40**	**$15.63**	**$17.18**	$.31	**$.31**
June 30	31.81	20.88	21.19	**23.50**	**16.25**	**23.34**	.31	**.31**
September 30	27.69	20.63	21.50	**26.90**	**13.07**	**15.60**	.31	**.31**
December 31	24.00	12.81	15.31	**15.73**	**10.25**	**13.88**	.31	**.01**

Unaudited Quarterly Financial Information

Quarter Ended	Net Sales	Gross Profit	Net Income (Loss)	Net Income (Loss) Per Share Basic	Net Income (Loss) Per Share Diluted
For the year ended December 31, 2000					
March 31	$3,468	$566	$ 245	$ 1.55	$ 1.54
June 30	3,296	518	144	.95	.95
September 30	2,865	384	29	.19	.19
December 31	2,688	250	(84)	(.57)	(.57)
For the year ended December 31, 2001					
March 31	**$2,731**	**$288**	**$ (27)**	**$(0.18)**	**$(0.18)**
June 30	**2,768**	**354**	**14**	**0.10**	**0.10**
September 30	**2,399**	**250**	**13**	**0.08**	**0.08**
December 31	**2,373**	**111**	**(298)**	**(2.01)**	**(2.01)**

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 integration charges incurred in connection with consolidating our Engine Management 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 unusual charges (58 cents per share), including restructuring expenses related to closing several facilities ($34), integration expenses incurred primarily in the Engine Management 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).

In the first quarter of 2001, we recorded an after-tax loss of $12 on the sale of Mr. Gasket, a wholly owned subsidiary. We also recorded $22 of restructuring expense in connection with the announced closing of six facilities in the ASG and EFMG and workforce reductions at other facilities. These charges included $10 for employee termination benefits, $7 for asset impairment and $5 for other exit costs and impacted net earnings by $14. Total unusual charges for the quarter totaled $28 (19 cents per share).

In the second quarter of 2001, we divested our Marion, Ohio, forging facility and the assets of EFMG facilities in Dallas, Texas, and Washington, Mo. A net after-tax loss of $8 (5 cents per share) resulted from these transactions. Charges related to our on-going efforts to downsize various operations adversely affected net income by $4 (3 cents per share) in the second quarter.

We completed the sale of our Chelsea power take-off business to Parker Hannifin Corporation in July. The sale of our Glacier industrial polymer bearings businesses to Goodrich Corporation was completed the following month. After-tax gains totaling $30 were recorded on these transactions. We announced additional facility closings in the third quarter. We accrued additional restructuring charges of $12 in connection with these announcements, which affected earnings by $7 net of tax benefits. Net non-recurring income for the quarter was $21 (14 cents per share).

In October, we announced plans to reduce our global workforce by more than 15 percent and initiated a review of more than 30 facilities for possible consolidation or closure. During the fourth quarter, we announced the closing of 21 of these facilities and reduced our workforce by more than 7%. Charges for these and related actions totaled $440, including $155 for employee terminations, $196 for asset impairments and $89 for exit and other costs. Net earnings were impacted by $284 ($1.92 per share).

Eleven-Year History†

In millions except per share amounts

Financial Highlights For the Years	1991	1992	1993	1994	1995	1996
Net Sales	$6,084	$6,655	$7,404	$8,843	$10,472	$10,979
Net Income (Loss)	55	(318)	174	352	443	451
Net Income (Loss) per						
Common Share						
Basic	.41	(2.27)	1.18	2.29	2.81	2.83
Diluted	.41	(2.26)	1.17	2.28	2.80	2.81
Cash Dividends per						
Common Share	.80	.80	.80	.83	.90	.98
Total Assets	5,371	5,584	5,895	6,701	7,814	8,522
Long-Term Debt	1,684	1,608	1,341	1,381	1,325	1,887

[Additional columns below]

[Continued from above table, first column(s) repeated]

Financial Highlights For the Years	1997	1998	1999	2000	**2001**
Net Sales	$11,911	$12,464	$13,159	$12,317	**$10,271**
Net Income (Loss)	320	534	513	334	**(298)**
Net Income (Loss) per					
Common Share					
Basic	1.97	3.24	3.10	2.20	**(2.01)**
Diluted	1.94	3.20	3.08	2.18	**(2.01)**
Cash Dividends per					
Common Share	1.04	1.14	1.24	1.24	**.94**
Total Assets	9,511	10,138	11,123	11,236	**10,207**
Long-Term Debt	1,790	1,718	2,732	2,649	**3,008**

† 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.

EXHIBIT 21

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2001

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
Expo Service Corporation	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
Dana Technology, Inc.	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
Spicer Driveshaft, Inc.	Ohio
Spicer Driveshaft Assembly, Inc.	Ohio
Spicer Driveshaft Manufacturing, Inc.	Ohio
Echlin Investment, Inc.	Delaware
Dana Investment GmbH	Germany
Dana Automotive Systems GmbH	Germany
Dana GmbH	Germany
Dana Holding GmbH	Germany
Reinz-Dichtungs GmbH & Co KG	Germany
Industrias Seloc Reinz S.A.	Spain
M. Friesen GmbH	Germany
Quinton Hazell Deutschland GmbH	Germany
Spicer Off-Highway GmbH	Germany
Dana (Deutschland) Grundstucksverwaltung GmbH	Germany
Spicer Gelenkwellenbau Verwaltungs GmbH	Germany
Thermoplast+Apparatebau GmbH	Germany
Spicer Gelenkwellenbau GmbH & CO KG	Germany
Sealed Power Europe GmbH	Germany
Dana Austria GmbH	Austria
DCC Leasing GmbH	Germany
Shannon Properties GmbH	Germany
Dana Asset Funding LLC	Delaware
Dana Realty Funding LLC	Delaware
Dana Automotive Aftermarket, Inc.	Delaware
Echlin Inc	Connecticut
American Electronic Components, Inc.	Indiana
Automotive Brake Company Inc.	Delaware
Brake Parts Inc.	Delaware

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2001

Subsidiary	Jurisdiction
Friction Inc.	Delaware
Brake Systems, Inc.	Delaware
EPE, Inc.	California
Prattville Mfg., Inc.	Delaware
Hydraulics Inc.	Delaware
Automotive Controls Corp.	Connecticut
Auto Parts Acquisition Inc.	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	Delaware
Lipe Rollway Mexicana S.A. de C.V.	Mexico
Long USA Inc.	Delaware
Long Automotive Inc.	Texas
Long Cooling Systems Inc.	Delaware
Midland Brake, Inc.	Delaware
Pacer Industries, Inc.	Missouri
PAH Mexico Inc.	Delaware
W.M. Holding Company, Inc.	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.	Delaware
Engine Controls Distribution Services, Inc.	Delaware
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
PTG Mexico, S. de R.L. de C.V.	Mexico
PTG Servicios, S. de R.L. de C.V.	Mexico
3125025 Canada Inc.	Canada
Brake Parts Canada Inc.	Canada
Long Manufacturing Ltd.	Canada
Echlin Dominicana, S.A.	Dominican Republic
Echlin Australia Pty. Ltd.	Australia
Kelray Australia Pty. Ltd.	Australia
P.J. Warneford Components	Australia
Warneford & Oldfield Pty. Limited	Australia
Dana South Africa (Proprietary) Limited	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

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2001

Subsidiary	Jurisdiction
South African Engineering Company (Prop.) Limited	South Africa
South African Engineering Company (Natal) (Prop.) Limited	South Africa
Echlin China Limited (Hong Kong)	Hong Kong
Echlin Taiwan Ltd.	Taiwan
Dana UK Holding Limited	United Kingdom
Echlin (Southern) Holding Ltd. (Jersey)	United Kingdom
Dana Holdings Limited	United Kingdom
Dana Spicer Europe Ltd.	United Kingdom
Dana Bedford 4 Limited	United Kingdom
Dana Limited	United Kingdom
Dana Bedford 3 Limited	United Kingdom
Dana Bedford 5 Limited	United Kingdom
Dana Bedford 2 Limited	United Kingdom
Dana Bedford 1 Limited	United Kingdom
Superior Electric Engineering Services, Ltd.	United Kingdom
Dana Spicer Limited	United Kingdom
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
Echlin Holding (Deutschland) GmbH	Germany
FTE Automotive GmbH	Germany
Move Brems-Und Kupplungsschlauch	Germany
FTE Automotive Systems GmbH	Germany
Echlin Grundstucksverwaltung (Deutschland) GmbH	Germany
Echlin Investments (Netherlands) B.V.	Netherlands
Echlin Properties (Netherlands) BV	Netherlands
Echlin Argentina S.A.	Argentina
Echlin Do Brasil Industria e Comercio Ltda.	Brazil
Fanacif Products Argentina S.A.	Argentina
Echlin Uruguay	Uruguay
Fanacif S.A.	Uruguay
Arvis S.R.L.	Uruguay
Inversora Sabana, S.A.	Venezuela
Echlin de Venezuela C.A	Venezuela
Echlin de Colombia Ltda.	Colombia
Echlin Del Peru S.R. Ltda.	Peru
Finaciera Platwel S.A.	Venezuela
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
DCC Project Finance Nine, Inc.	Delaware
Farnborough Properties Partners I Limited	Delaware
Farnborough Properties Company	United Kingdom
Farnborough Properties Partners II Limited	Delaware
Farnborough Properties Partners III Limited	Delaware
Farnborough Airport Properties Company	United Kingdom
Farnborough Aerospace Centre Management Limited	United Kingdom
Farnborough Properties Partners IV Limited	Delaware
Dana Commercial Credit Corporation	Delaware
Camotop Five Corporation	Delaware
CCD Air Ten, Inc.	Delaware
CCD Air Eleven, Inc.	Delaware
CCD Air Twelve, Inc.	Delaware

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2001

Subsidiary	Jurisdiction
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
Rochester FSC, Ltd.	Bermuda
CCD Air Forty-Two, Inc.	Delaware
CCD Air Forty-Four, 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 Project Finance Twenty, Inc.	Delaware
DCC Servicing, Inc.	Delaware
DCL Holding Company, Inc.	Delaware
Camotop Two Corporation	Delaware
Reherc, Inc.	Delaware
Energy Credit Corporation	Delaware
Energy Services Credit Corporation	Delaware
Energy Services Nevada, Inc.	Delaware
GSP I Corporation	Oregon
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
Isom & Associates, 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
Rebacker One, Inc.	Texas
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
RENOVO One, Inc.	Delaware
Letovon Hammersmith Co.	United Kingdom
RENOVO Three, Inc.	Delaware
Letovon Heathrow Co.	United Kingdom
RENOVO Five, Inc.	Delaware
Letovon Waterloo Co.	United Kingdom
RENOVO Seven, Inc.	Delaware
RENOVO Nine, Inc.	Delaware
RENOVO Eleven, Inc.	Delaware
RENOVO Thirteen, 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
RENOVO Fifteen, Inc.	Delaware
RENOVO Seventeen, Inc.	Delaware
ReSun, Inc.	Delaware
RETRAM, Inc.	Delaware
Seismiq, Inc.	Delaware
Shannon Health Care Realty, Inc.	Delaware
Shannon Health Properties, Inc.	Delaware
Shannon Property Management, Inc.	Delaware
RECONN, Inc.	Delaware
Shannon Supermarket Investors, Inc.	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

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2001

Subsidiary	Jurisdiction
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
Rebaker Two, 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
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
RERSEY, Inc.	Delaware
RESAMM, Inc.	Delaware
REVA, Inc.	Delaware
DCC Canada Inc.	Canada
Shannon Canada Inc.	Canada
Rock Energy Limited	Gibraltar
Five Star Piccadilly Limited	Jersey
Northavon Investments Limited	Jersey
Letovon Packs Limited	Jersey
Letovon Tower Hill Limited	Jersey
Sibi Packs Limited	Jersey
Tecnologia de Mocion Controlada S.A. de C.V.	Mexico
Dana Heavy Axle Mexico S.A. de C.V.	Mexico
Wrenford Insurance Company Limited	Bermuda
Dana Canada, Inc.	Canada
Dana Foreign Sales Corporation	U.S. Virgin Islands
Dana Australia (Holdings) Pty. Ltd.	Australia
Dana Australia Pty. Ltd.	Australia
Spicer Axle Structural Components Australia Pty. Ltd.	Australia
Spicer Axle Australia Pty Ltd.	Australia
Dana Australia Trading Pty. Ltd.	Australia
Dana New Zealand, Ltd.	New Zealand
Gearmax (Pty) Ltd.	South Africa
Dana Hong Kong Limited	Hong Kong
Kentning Industries Limited	Hong Kong
P.T. Spicer Indonesia	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.	Philippines
Dana Asia (Singapore) Pte. Ltd.	Singapore
R.O.C. Spicer Ltd.	Taiwan
Taiway Ltd.	Taiwan
ROC Spicer Investment Co. Ltd.	British Virgin Islands
Shenyang Spicer Driveshaft Corporation Limited	China
Fujian Spicer Drivetrain Systems Co., Ltd.	China
Dana Asia (Taiwan) APD Co., Ltd.	Taiwan

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2001

Subsidiary	Country
Dantean (Thailand) Company, Limited	Thailand
Parish Structural Products (Thailand) Limited	Thailand
Dana Spicer (Thailand) Limited	Thailand
Dana Belgium N.V	Belgium
Spicer Off-Highway Belgium N.V	Belgium
Warner Electric (Belgium) SA	Belgium
Dana UK Pension Scheme Limited	United Kingdom
Dana Manufacturing Group Pension Scheme Limited	United Kingdom
Dana UK Common Investment Fund Limited	United Kingdom
Echlin Europe Limited	United Kingdom
Quinton Hazell Plc	United Kingdom
Motaproducts Automotive Limited	United Kingdom
Supra Group Limited	United Kingdom
Commercial Ignition Limited	United Kingdom
TJ Filters Limited	United Kingdom
Quinton Hazell Automotive Limited	United Kingdom
Whiteley Rishworth Exports Ltd.	United Kingdom
Quinton Hazell Belgium SA	Belgium
Dana Automotive (Ireland) Limited	Ireland
Moprod (Ireland) Limited	Ireland
Quinton Hazell Limited	Ireland
Quinton Hazell Italia SpA	Italy
Quinton Hazell Nederland B.V	Netherlands
Quinton Hazell Polska Sp. zo.o	Poland
Quinton Hazell (Far East) Limited	Singapore
Quinton Hazel Espana S.A.	Spain
WH Components Limited	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
Automotive Motion Technology Limited	United Kingdom
Echlin Automotive Systems Limited	United Kingdom
Lipe Limited	United Kingdom
Driveline Specialist Limited	United Kingdom
Dana Automotive Limited	United Kingdom
Dana SAS	France
Perfect Circle Europe S.A.	France
Societe de Reconditionnement Industriel de Moteurs S.A.	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
Nobel Plastiques Iberica S.A.	Spain
Quinton Hazell SarL	France
IP Marti SNC	France
Dana Finance S.A.	France
Spicer India Limited	India
Dana India Private Limited	India
Dana Italia, SpA	Italy
Spicer Italcardano SpA	Italy
Clark-Hurth Components S.A.R.L	France
D.E.H. Holdings SARL	Luxembourg
Dana Finance (Ireland) Limited	Ireland
Dana Europe Holdings B.V	Netherlands
Spicer Netherland B.V	Netherlands
Leguana Participations B.V	Netherlands

DANA CORPORATION
Consolidated Subsidiaries
As of December 31, 2001

Subsidiary	Country
Superior Electric Nederland B.V	Netherlands
Wix Filtron Sp. zo.o	Poland
Dana Automocion, S.A.	Spain
Sealed Power Europe S.L	Spain
Industrias Serva S.A.	Spain
Glaser Serva S.A.	Spain
Spicer Nordiska Kardan AB	Sweden
Dana Europe S.A.	Switzerland
Glacier Tribometal Slovakia a.s	Slovakia
Dana Holdings SRL	Argentina
Dana Argentina S.A.	Argentina
Dana San Juan S.A.	Argentina
Dana San Luis S.A.	Argentina
Farlock Argentina S.A.	Argentina
Cerro de los Médanos S.A.	Argentina
Transmissiones Homocineticas Argentina S.A.	Argentina
Spicer Ejes Pesados S.A.	Argentina
Dana Equipamentos Ltda.	Brazil
Dana-Albarus, S.A. Industrial E Comercio	Brazil
Pellegrino Industrial e Distribuidora de Autopecas Ltda.	Brazil
CIDAP-Industrial e Distribuidora de Autopecas Ltda.	Brazil
Albarus S.A. Comercial e Exportadora	Brazil
UBALI S.A.	Uruguay
Previalbarus Societe de Providencia	Brazil
Dana Industrial S.A.	Brazil
Suzuki Comercial Ltda.	Brazil
Dana Bahia Ltda.	Brazil
Warner Electric do Brasil Ltda.	Brazil
Cirane Industria e Comercio Ltda.	Brazil
Dana do Brasil Ltda.	Brazil
Dana Industrias Ltda.	Brazil
Industria De Ejes Y Transmissiones S.A.	Colombia
Transejes Transmissiones Homocineticas de Colombia S.A.	Colombia
Repsa S.A.	Colombia
Transejes C.D. Ltda.	Colombia
Transcar Ltda.	Colombia
Transmotor Ltda.	Colombia
Talesol S.A.	Uruguay
C.A. Danaven	Venezuela
Tuboauto, C.A	Venezuela
Tubos Venzolanos, C.A	Venezuela
T.S.P	Cayman Islands
Blenville, S.A.	Panama
Danaven Rubber Products, C.A	Venezuela
Distribuidora S.H.F., C.A	Venezuela
TRINASA, S.A.	Panama
Asesoramiento Contable y Administrativo, S.A.	Venezuela
Juntas Homocineticas Venzolanas	Venezuela
Embargues Automotrices, S.A.	Venezuela
MSP Ltd.	Cayman Islands
Axlecay Limited	Cayman Islands
JUNCAY	Cayman Islands
Metalmechanic Equipment Supply S.A.	Panama

Exhibit 23

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, 333-58121, and 333-18403) and in the Registration Statements on Form S-8 (Nos. 333-59442, 333-69449, 333-84417, 333-52773, 333-50919, 333-64198, 333-37435, 33-22050 and 333-59442) and in the Registration Statement on Form S-4 (No. 333-76012) of Dana Corporation of our report dated February 11, 2002 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 11, 2002 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Toledo, Ohio
February 22, 2002

Exhibit 24

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, 2001, 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 10, 2001.

/s/ B. F. Bailar

B. F. Bailar

/s/ A. C. Baillie

A. C. Baillie

/s/ E. M. Carpenter

E. M. Carpenter

/s/ E. Clark

E. Clark

/s/ G. H. Hiner

G. H. Hiner

/s/ J. M. Magliochetti

J. M. Magliochetti

/s/ M. R. Marks

M. R. Marks

/s/ F. M. Senderos

F. M. Senderos

/s/ R. B. Priory

R. B. Priory

/s/ R. C. Richter

R. C. Richter

/s/ C. W. Hinde

C. W. Hinde

/s/ M. L. DeBacker

M. L. DeBacker

/s/ M. J. Hardman

M. J. Hardman