DANA CORP
Form S-4
December 27, 2001

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 27, 2001

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

DANA CORPORATION
(Exact name of Registrant as specified in its charter)

VIRGINIA	3714	34-4361040
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number

4500 DORR STREET
TOLEDO, OHIO 43615
(419) 535-4500
(Address and telephone number of registrant's principal executive offices)

MICHAEL L. DEBACKER, SECRETARY
DANA CORPORATION
4500 DORR STREET
TOLEDO, OHIO 43615
(419) 535-4500
(Name, address and telephone number of agent for service)

COPY TO:
ROBERT L. KOHL, ESQ.
ROSENMAN & COLIN LLP
575 MADISON AVENUE
NEW YORK, NY 10022

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement

for the same offering. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER NOTE	PROPOSED MAXI AGGREGATE OFFE PRICE(1)
9% Notes due 2011..................	$575,000,000 Principal Amount	100%	$575,000,00
9% Notes due 2011..................	E200,000,000 Principal Amount	100%	$175,560,000(

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933.
(2) Conversion into dollars based upon the noon buying rate on December 26, 2001 of $0.8778 = E1.00.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

PROSPECTUS

DANA CORPORATION [DANA CORPORATION LOGO]
EXCHANGE OFFER FOR
$575,000,000 PRINCIPAL AMOUNT OF
9% NOTES DUE 2011 AND
E200,000,000 PRINCIPAL AMOUNT OF
9% NOTES DUE 2011

OFFER TO EXCHANGE ALL OUTSTANDING 9% NOTES DUE 2011 FOR 9% NOTES DUE 2011 WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

THE EXCHANGE OFFER

- We are offering to exchange all of our outstanding 9% Notes due 2011 (outstanding notes) that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradable (exchange notes).

- You may withdraw tenders of outstanding notes at any time prior to the expiration of the exchange offer.

- The exchange offer expires at 5:00 p.m., New York City time, on

, 2002, unless extended. We do not currently intend to extend the expiration date.

THE EXCHANGE NOTES

- The terms of the exchange notes will be substantially identical to those of the outstanding notes, except that the exchange notes will be registered under the Securities Act and be freely tradable.

RESALES OF EXCHANGE NOTES

- There is no existing public market for the outstanding notes or the exchange notes. Application will be made to list the exchange notes on the Luxembourg Stock Exchange. We do not intend to list the exchange notes on any other securities exchange or seek approval for quotation through any automated trading system. The exchange notes may also be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods.

EACH BROKER-DEALER THAT RECEIVES EXCHANGE NOTES FOR ITS OWN ACCOUNT PURSUANT TO THE EXCHANGE OFFER MUST ACKNOWLEDGE THAT IT WILL DELIVER A PROSPECTUS IN CONNECTION WITH ANY RESALE OF SUCH EXCHANGE NOTES. THE LETTER OF TRANSMITTAL STATES THAT BY SO ACKNOWLEDGING AND BY DELIVERING A PROSPECTUS, A BROKER-DEALER WILL NOT BE DEEMED TO ADMIT THAT IT IS AN "UNDERWRITER" WITHIN THE MEANING OF THE SECURITIES ACT. THIS PROSPECTUS, AS IT MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, MAY BE USED BY A BROKER-DEALER IN CONNECTION WITH RESALES OF EXCHANGE NOTES RECEIVED IN EXCHANGE FOR OUTSTANDING NOTES WHERE SUCH NOTES WERE ACQUIRED BY SUCH BROKER-DEALER AS A RESULT OF MARKET-MAKING ACTIVITIES OR OTHER TRADING ACTIVITIES. WE HAVE AGREED THAT, FOR A PERIOD OF 180 DAYS AFTER THE EXPIRATION DATE OF THE EXCHANGE OFFER, WE WILL MAKE THIS PROSPECTUS AVAILABLE TO ANY BROKER-DEALER FOR USE IN CONNECTION WITH ANY SUCH RESALE. SEE "PLAN OF DISTRIBUTION."

YOU SHOULD CONSIDER CAREFULLY THE RISK FACTORS BEGINNING ON PAGE 16 OF THIS PROSPECTUS BEFORE PARTICIPATING IN THE EXCHANGE OFFER.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is , 2002.

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IMPORTANT TERMS USED IN THIS PROSPECTUS

Unless the context indicates otherwise, in this prospectus, the terms "us," "we," "our" and "Dana" refer to Dana Corporation and its subsidiaries. All references to "dollars" and "$" are to U.S. dollars.

INCORPORATION BY REFERENCE AND DELIVERY OF CERTAIN DOCUMENTS

This prospectus incorporates important business and financial information about Dana that is not included in or delivered with this document, and documents that we file later with the SEC will automatically update and replace this information. We incorporate by reference the documents listed below and, unless otherwise specified therein, any future filings we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act until the termination of the exchange offer:

- Our Annual Report on Form 10-K for the year ended December 31, 2000;

- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2001, June 30, 2001 and September 30, 2001;

- Our Current Reports on Form 8-K, dated July 17, 2001, July 18, 2001 and December 20, 2001; and

- Our definitive proxy statement on Schedule 14A filed with the SEC on March 2, 2001.

The Annual Report on Form 10-K for the year ended December 31, 2000 contains, and future Annual Reports will contain, audited consolidated financial statements and the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2001, June 30, 2001 and September 30, 2001 contain, and future Quarterly Reports will contain, unaudited consolidated financial statements for interim financial periods. All of these

Reports will be available, at no charge, at the office of the Luxembourg Paying Agent if the exchange notes are accepted for listing on the Luxembourg Stock Exchange.

You may request a copy of any or all of the documents incorporated by reference herein (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into such documents) and certain other

documents referred to herein, at no cost to you, by writing or telephoning us at our principal executive offices at the following address:

Michael L. DeBacker
Secretary
Dana Corporation
P.O. Box 1000
Toledo, Ohio 43697
Tel: (419) 535-4500

TO OBTAIN TIMELY DELIVERY OF THESE DOCUMENTS, YOU MUST REQUEST THE INFORMATION NO LATER THAN , 2002, THE DATE FIVE BUSINESS DAYS BEFORE THE DATE BY WHICH YOU MUST DECIDE WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER.

You should rely only on the information provided in this prospectus or incorporated herein by reference. Any statement contained in the documents incorporated by reference will be deemed to be modified or superseded for purposes of this prospectus to the extent that it is modified or superseded by a statement contained herein or in a subsequently dated document incorporated by reference in this prospectus. Information that we file later with the SEC will automatically update the information in this prospectus or incorporated herein by reference. Any statement so modified or superseded will not be deemed to constitute a part of this prospectus, except as so modified or superseded. We have not authorized anyone else to provide you with different or additional information. We are not making an offer of these securities in any state or country where such offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front cover of this document or the documents incorporated herein by reference.

PROSPECTUS SUMMARY

This summary highlights the material information about our company and this exchange offer. This summary does not contain all of the information that may be important to you in deciding whether to participate in the exchange offer. We encourage you to read this prospectus in its entirety, including the information incorporated by reference.

DANA CORPORATION

We were 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. We have over 430 facilities in 34 countries and employ approximately 72,000 people. For the year ended December 31, 2000, we generated consolidated sales of $12.3 billion and net income of $334 million.

Our seven core product segments, or foundation businesses, focus on axles, driveshafts, brake and chassis products, bearings and sealing products, fluid systems, structures and filtration products. 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.

OUR STRATEGIC BUSINESS UNITS

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 $4.6 billion in 2000.

- 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. AAG generated sales of $2.9 billion in 2000.

- 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. CVS generated sales of $1.6 billion in 2000.

- 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). In 2000, ESG generated sales of $1.3 billion and FSG generated sales of $1.2 billion. Segment information for EFMG will be restated for comparative purposes in our 2001 annual report.

- Off-Highway Systems Group (OHSG) -- 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. OHSG generated sales of $674 million in 2000.

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. With an asset base of $2.5 billion at the end of 2000, DCC and its subsidiaries provide leasing and financing services to selected markets primarily in the U.S., Canada, the United Kingdom and continental Europe. On October 17, 2001, we announced plans to pursue the sale of the businesses of DCC.

OUR COMPETITIVE STRENGTHS

Our key competitive strengths include the following:

Strong Market Positions. We are one of the world's largest independent suppliers of components, modules and systems for light, medium and heavy duty vehicle manufacturers and related aftermarkets. Our products, which are focused on under-the-vehicle and under-the-hood applications, are used in SUVs and other light vehicles by automotive customers such as Ford Motor Company,

DaimlerChrysler AG, and General Motors Corporation; in medium and heavy commercial vehicles by customers such as Renault V.I./ Mack Trucks, Inc., PACCAR Inc, and Navistar International Corporation; and in a variety of off-highway vehicles and equipment by customers such as Deere & Co., Textron Inc., and Manitou S.A. We also supply replacement parts to these markets through OE service organizations and independent aftermarket channels.

Global Presence. We have more than 270 manufacturing facilities, 90 distribution facilities, and 65 research centers, service branches and offices which are located in 34 countries around the world. We maintain administrative organizations in North America, Europe, South America and Asia/Pacific which support the SBUs. In 2000, non-U.S. sales represented 31% of our total consolidated sales. Our global presence gives us proximity to our customers and enables us to provide marketing and manufacturing support, meet just-in-time delivery requirements, and provide engineering solutions around the clock through our Virtual Time Engineering(TM) program.

Recognized Brand Names. We believe that our OE and aftermarket customers alike recognize our branded products for quality and reliability. Among our most significant trademarked products are:

- Spicer(R) axles, transaxles, driveshafts, steering shafts, and universal joints;
- Victor Reinz(R) gaskets;
- Boston(R) and Everflex(R) hose;
- Weatherhead(R) hose and fittings;
- Wix(R) filters;
- Perfect Circle(R) piston rings and cylinder liners;
- FTE(R) clutch and brake actuation systems; and
- Glacier Vandervell(TM) bearings.

Innovative, Value-Added Products. Since our founder Clarence Spicer designed the first automotive universal joint, we have been dedicated to the rapid development of new, value-added products. By continually broadening and enhancing our product offerings, we are able to attract new customers and strengthen and expand our existing customer relationships. Recent new products include temperature-responsive cooling systems with electronic sensors, fluid steering systems with electronic interfaces, innovative materials that make components both lighter and stronger, and new traction control products that improve on-demand, all-wheel drive performance for vehicles, such as our TXT(TM) torque-management differential. We are also engaged in fuel cell engineering for alternate-energy systems.

OUR BUSINESS 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. 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 customers' production estimates, to add approximately $5.9 billion in total revenues from 2001 through 2005. We are encouraged by the new awards, especially since these sales amounts include business not only with our traditional North American 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. For example, rather than investing in single-purpose facilities in emerging markets, we are working to develop operations that manufacture a broader range of like products for multiple vehicular market segments. Strategic alliances have also helped to provide technical capability, while limiting our investment requirements. On the operational side, we are focused on reducing working capital, managing for cash and reducing waste.

Evaluate Strategic Alliances, Joint Ventures and Selected 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(TM) 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 Buhler 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.

We also evaluate potential acquisition candidates that have product platforms complementary to our foundation businesses, strong operating potential and strong existing management teams. 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.

RECENT DEVELOPMENTS

On October 17, 2001, we announced our intention to accelerate the restructuring of our operations and to reduce our workforce globally by more than 15%. More than 30 facilities are being reviewed for consolidation or closure. Plans identifying the specific actions are being developed and will determine the timing of expense recognition and cash flows. However, we currently expect that the restructuring charges will total approximately $445 million after tax and that about 65% of the charges will be incurred in the fourth quarter of 2001, with the balance to be incurred in 2002. We expect that approximately 35% of the charges will be non-cash; most of the cash portion will

be severance costs related to the workforce reduction. We anticipate that approximately 75% of the charges will be related to our North American operations. We estimate that about

55% of the charges will be incurred by our business units primarily serving the light vehicular OE marketplace and about 26% will be incurred by AAG. We also announced that we will pursue the sale of the businesses of DCC, which accounted for approximately $1.9 billion of our assets at September 30, 2001. Although we are presently unable to estimate the proceeds from this sale, we do not expect to incur a loss.

Dana Corporation is a Virginia corporation. Our principal executive offices are located at 4500 Dorr Street, Toledo, Ohio 43615 and our telephone number at that address is (419) 535-4500. Our website may be accessed at http://www.dana.com.

SUMMARY OF THE EXCHANGE OFFER

The Initial Offering of Outstanding Notes.............	We sold the outstanding notes on August 8, 2001, to Deutsche Banc Alex. Brown Inc., J.P. Morgan Securities Inc., Credit Suisse First Boston Corporation, Banc of America Securities LLC, BNY Capital Markets, Inc., HSBC Securities (USA) Inc., Salomon Smith Barney Inc., BNP Paribas Securities Corp., Comerica Securities, Inc., First Union Securities, Inc., McDonald Investments, Inc., TD Securities (USA) Inc. and UBS Warburg LLC. We collectively refer to those parties in this prospectus as the "initial purchasers." The initial purchasers subsequently resold the outstanding notes to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to persons outside the United States under Regulation S.
Registration Rights Agreement.....................	Contemporaneously with the initial sale of the outstanding notes, we entered into a registration rights agreement with the initial purchasers in which we agreed, among other things, to use our reasonable best efforts to file this registration statement with the SEC and to complete this exchange offer. This exchange offer is intended to satisfy your rights under the registration rights agreement. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights hereunder with respect to your outstanding notes.
The Exchange Offer...........	We are offering to exchange the exchange notes, which have been registered under the Securities Act, for your outstanding notes. In order to be exchanged, an outstanding note must be properly tendered and accepted. All outstanding notes

that are validly tendered and not validly withdrawn will be exchanged. We will issue exchange notes promptly after the expiration of the exchange offer.

Resales of the Exchange Notes........................ Except as provided below, we believe that the exchange notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act provided that:

- the exchange notes are being acquired in the ordinary course of your business;
- you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes issued to you in the exchange offer; and
- you are not an affiliate of ours.

If any of these conditions are not satisfied and you transfer any exchange notes issued to you in the exchange offer without delivering a resale prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange notes from these requirements, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability.

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Each broker-dealer that is issued exchange notes in the exchange offer for its own account in exchange for outstanding notes must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes. A broker-dealer may use this prospectus for an offer to resell, resale or other retransfer of the exchange notes issued to it in the exchange offer in exchange for outstanding notes that were acquired by that broker-dealer as a result of market-making or other trading activities.

Record Date................... We mailed this prospectus and the related offer documents to the registered holders of outstanding notes on   , 2002.

Expiration Date............... The exchange offer will expire at 5:00 p.m., New York City time, on   , 2002, unless we decide to extend the expiration date.

Conditions to the Exchange Offer........................ The exchange offer is subject to customary conditions, including that the exchange offer not violate applicable law or any applicable

interpretation of the staff of the SEC. This exchange offer is not conditioned upon any minimum principal amount of the outstanding notes being tendered.

Exchange Agent................ Citibank, N.A., London branch, is serving as the exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are set forth under "Exchange Offer -- Exchange Agent" at page 67.

Procedures for Tendering Outstanding Notes............ If you wish to tender your notes for exchange in this exchange offer, you must transmit to the exchange agent on or before 5:00 p.m., New York City time, on the expiration date either:

- an original or a facsimile of a properly completed and duly executed copy of the letter of transmittal which accompanies this prospectus, together with your outstanding notes and any other documentation required by the letter of transmittal, at the address provided on the cover page of the letter of transmittal; or

- if the notes you own are held of record by The Depositary Trust Company (DTC) in book-entry form and you are making delivery by book-entry transfer, a computer-generated message transmitted by means of DTC's Automated Tender Offer Program System (ATOP) in which you acknowledge and agree to be bound by the terms of the letter of transmittal and which, when received by the exchange agent, will form a part of a confirmation of book-entry transfer. As part of the book-entry transfer, DTC will facilitate the exchange of your notes and update your account to reflect the issuance of the exchange notes to you. ATOP allows you to electronically transmit your acceptance of the exchange offer to DTC instead of physically completing and delivering a letter of transmittal to the exchange agent.

To tender your book-entry interests in outstanding euro notes on the records of Euroclear or Clearstream, Luxembourg (Clearstream), you must contact Euroclear or Clearstream, as applicable, to arrange to block your account with the outstanding euro notes.

In lieu of delivering a letter of transmittal to the exchange agent, you must notify Euroclear or Clearstream, as the case may be, to deliver to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date, a computer-generated message, in which

	you acknowledge and agree to be bound by the terms of the letter of transmittal.
	In all other cases, a letter of transmittal must be manually executed and received by the exchange agent before 5:00 p.m., New York City time, on the expiration date.
	In addition, you must deliver to the exchange agent on or before 5:00 p.m., New York City time, on the expiration date:
	- if you are effecting delivery by book-entry transfer, a timely confirmation of book-entry transfer of your outstanding notes into the account of the exchange agent at DTC; or
	- if necessary, for dollar notes, the documents required for compliance with the guaranteed delivery procedures.
Special Procedures for Beneficial Owners.............	If you are the beneficial owner of book-entry interests and your name does not appear on a security position listing of DTC as the holder of the book-entry interests or if you are a beneficial owner of outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender the book-entry interest or outstanding notes in the exchange offer, you should contact the person in whose name your book-entry interests or outstanding notes are registered promptly and instruct that person to tender on your behalf.
Guaranteed Delivery Procedures...................	If you wish to tender your outstanding dollar notes and: - time will not permit your dollar notes or other required documents to reach the exchange agent by the expiration date; or - the procedure for book-entry transfer cannot be completed on time; you may tender your dollar notes by completing a notice of guaranteed delivery and complying with the guaranteed delivery procedures. Guaranteed delivery procedures are not available for euro notes.
Withdrawal Rights............	You may withdraw the tender of your outstanding notes at any time prior to 5:00 p.m., New York City time, on , 2002.
Effect on Holders of Outstanding Notes............	As a result of making the exchange offer, and upon acceptance for exchange of all validly tendered outstanding notes pursuant to the terms thereof, we will have fulfilled a

covenant contained in the registration rights agreement and, accordingly, we will not be obligated thereunder to pay liquidated damages for failure to take these actions. If you are a holder of outstanding notes and you do not tender them in the exchange offer, you will continue to hold them and you will be entitled to all the rights and subject to all the limitations applicable to the outstanding notes in the indenture,

except for any rights under the registration rights agreement that by their terms terminate upon consummation of the exchange offer.

To the extent that outstanding notes are tendered and accepted in this exchange offer, the trading market for the outstanding notes could be adversely affected.

Consequences of Failure to Exchange..................... All untendered outstanding notes will continue to be subject to the restrictions on transfer provided for therein and in the indenture governing the notes. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with this exchange offer, we do not currently anticipate that we will register the outstanding notes under the Securities Act.

Federal Income Tax Considerations................ Based upon advice from counsel, we believe that the exchange of outstanding notes for exchange notes will not be a taxable event for United States federal income tax purposes.

Use of Proceeds.............. We will not receive any proceeds from the issuance of exchange notes pursuant to the exchange offer. We will pay all of our expenses incident to the exchange offer.

SUMMARY OF TERMS OF THE EXCHANGE NOTES

The form and terms of the exchange notes are the same as the form and terms of the outstanding notes, except that the exchange notes will be registered under the Securities Act. As a result, the exchange notes will not bear legends restricting their transfer and will not have the benefit of the registration rights and liquidated damage provisions contained in the outstanding notes. The exchange notes represent the same debt as the outstanding notes. Both the outstanding notes and the exchange notes are governed by the same indenture. We use the term "notes" in this prospectus to collectively refer to the outstanding

notes and the exchange notes.

Issuer........................	Dana Corporation.
Securities Offered	
Dollar Notes................	$575 million aggregate principal amount of 9% Notes due 2011 (the "dollar notes").
Euro Notes..................	E200 million aggregate principal amount of 9% Notes due 2011 (the "euro notes").
Dollar Notes	
Maturity....................	August 15, 2011
Interest Payment Dates......	February 15 and August 15 of each year, commencing February 15, 2002.
Euro Notes	
Maturity....................	August 15, 2011
Interest Payment Dates......	February 15 and August 15 of each year, commencing February 15, 2002.
Optional Redemption...........	The dollar notes and the euro notes will be redeemable, at our option, in whole at any time or in part from time to time, at a redemption price equal to the greater of (i) 100% of their principal amount plus accrued and unpaid interest to the date of redemption and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon from the date of redemption to the date of maturity (except for currently accrued but unpaid interest) discounted to the date of redemption, on a semi-annual basis, at the U.S. Treasury Rate (as defined in the indenture), in the case of the dollar notes, or the Bund Rate (as defined in the indenture), in the case of the euro notes, plus 35 basis points, plus, in each case, accrued but unpaid interest to the date of redemption. See "Description of the Notes -- Optional Redemption -- Make-Whole Redemption."
Optional Tax Redemption.......	In the event of certain changes in withholding and other taxes, we may redeem the dollar notes, in whole but not in part, and/or the euro notes, in whole but not in part, at a redemption price equal to the principal amount of such notes, plus accrued and unpaid interest to the date of redemption. See "Description of the Notes -- Optional Redemption -- Redemption for Tax Reasons."
Ranking......................	The notes will be general, unsecured obligations of Dana Corporation and will rank equally in right of payment with all of Dana Corporation's existing and future unsubordinated debt and senior in right of

payment to all of Dana Corporation's existing and future

subordinated debt, if any. The notes will be effectively subordinated to all of Dana Corporation's secured debt, if any, to the extent of the value of the assets securing such debt, and structurally subordinated to all of the existing and future liabilities of Dana Corporation's subsidiaries. As of September 30, 2001, Dana Corporation had $2,441 million of total indebtedness outstanding, including the notes, all of which ranked equally with the notes and none of which were secured, and Dana Corporation's subsidiaries had $4,089 million of liabilities outstanding, including, without limitation, trade payables. See "Description of the Notes -- Ranking."

Change of Control............ Upon the occurrence of a Change of Control (as defined in the indenture), we are required to make an offer to repurchase each holder's notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. If the notes receive investment grade ratings by both Standard and Poor's Ratings Services (S&P) and Moody's Investors Service, Inc. (Moody's), subject to certain additional conditions, we will no longer be required to make repurchases of the notes upon a Change of Control. See "Description of the Notes -- Certain Covenants -- Change of Control."

Certain Covenants............ The indenture contains certain covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness and issue preferred stock;
- pay dividends or make certain other restricted payments;
- incur liens;
- sell assets;
- enter into agreements that restrict dividends from restricted subsidiaries;
- enter into sale and leaseback transactions;
- engage in transactions with affiliates; and
- enter into certain mergers and consolidations.

These covenants are subject to important exceptions and qualifications, which are

described in the section "Description of the Notes" under the heading "Certain Covenants" in this prospectus.

If the notes receive investment grade ratings by both S&P and Moody's, subject to certain additional conditions, we will no longer be required to comply with these covenants, and substituted forms of negative pledge, sale and leaseback, and merger and consolidation covenants will apply to us and our restricted subsidiaries. See "Description of the Notes -- Certain Covenants -- Application of Fall Away Covenants and Covenant Substitution."

Absence of a Public Market for the Exchange Notes........... The exchange notes generally will be freely transferable, but they will also be new securities for which there will be no established market. Accordingly, we cannot assure you as to the development

or liquidity of any market for the exchange notes. Application will be made for the exchange notes to be listed on the Luxembourg Stock Exchange. Certain of the initial purchasers, including the joint book-running managers, have advised us that they intend to make a market in the exchange notes. However, they are not obligated to do so, and they may discontinue any market making in the notes at any time without notice.

Use of Proceeds.............. We will not receive any cash proceeds from the exchange offer.

RISK FACTORS

You should carefully consider the information under the caption "Risk Factors" and all other information in this prospectus before making a decision on whether to participate in the exchange offer.

SUMMARY FINANCIAL DATA

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

The following selected historical consolidated financial information for the five-year period ended December 31, 2000 has been derived from our audited consolidated financial statements and notes thereto. The selected historical consolidated financial information for the nine months ended September 30, 2000 and 2001 was derived from our unaudited consolidated financial statements, which financial statements, in management's opinion, reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of such information. Results for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year. You should read this information in

conjunction with "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Results of Operations and Financial Condition," and our consolidated financial statements and notes thereto, included elsewhere in this prospectus.

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1997	1998	1999	2000	2000	2001
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)						
STATEMENT OF INCOME DATA:							
Net sales	$10,979	$11,911	$12,464	$13,159	$12,317	$9,629	$7,898
Revenue from lease financing	151	172	173	111	143	100	87
Other income, net	52	319	202	83	231	208	62
Total revenue	11,182	12,402	12,839	13,353	12,691	9,937	8,047
Cost of sales	9,158	10,067	10,449	10,964	10,599	8,161	7,006
Selling, general and administrative expenses	1,112	1,152	1,122	1,192	1,132	847	775
Restructuring and integration charges	--	328	118	181	173	103	38
Merger expenses	--	--	50	--	--	--	--
Interest expense	203	251	280	279	323	238	239
Income (loss) before income taxes	709	604	820	737	464	588	(11)
Estimated taxes on income	239	294	315	251	171	207	6
Income (loss) before minority interest and equity in earnings of affiliates	470	310	505	486	293	381	(17)
Minority interest	(33)	(22)	(8)	(13)	(13)	(12)	(6)
Equity in earnings of affiliates	14	32	37	40	54	49	23
Net income	$ 451	$ 320	$ 534	$ 513	$ 334	$ 418	$ *
NET INCOME PER COMMON SHARE							
Basic income per share	$ 2.83	$ 1.97	$ 3.24	$ 3.10	$ 2.20	$ 2.73	$ *
Diluted income per share	2.81	1.94	3.20	3.08	2.18	2.71	*
Cash dividends declared and paid per common share	0.98	1.04	1.14	1.24	1.24	0.93	0.93
Average shares outstanding -- Basic	160	163	165	165	152	153	148
Average shares outstanding -- Diluted	160	165	167	166	153	154	149

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

	AT DECEMBER 31,					AT SEPTEMBER 30,	
	1996	1997	1998	1999	2000	2000	2001
	(IN MILLIONS)						
SELECTED BALANCE SHEET DATA:							
Cash and cash equivalents...	$ 272	$ 423	$ 230	$ 111	$ 179	$ 144	$ 228
Total assets................	8,522	9,511	10,138	11,123	11,236	11,402	10,809
Total debt..................	3,188	3,483	3,416	4,150	4,594	4,680	4,450
Deferred employee benefits..................	1,048	1,020	1,064	1,068	1,076	1,052	1,126
Shareholders' equity........	2,435	2,602	2,940	2,957	2,628	2,729	2,367

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1997	1998	1999	2000	2000	2001
	(IN MILLIONS, EXCEPT RATIOS AND PERCENTAGES)						
OTHER FINANCIAL DATA:							
EBITDA(1).........................	$1,289	$1,305	$1,588	$1,535	$1,310	$1,216	$636
Depreciation and amortization......	377	450	488	519	523	390	408
Capital expenditures...............	469	579	661	807	662	464	306
Ratio of EBITDA to interest expense(1)......................	6.3x	5.2x	5.7x	5.5x	4.1x	5.1x	2.7x
Total debt to EBITDA(1)............	2.5x	2.7x	2.2x	2.7x	3.5x	3.3x	6.1x
Total debt to total capitalization(2)................	57%	57%	54%	58%	64%	63%	65%
Ratio of earnings to fixed charges(3)......................	3.9x	3.1x	3.6x	3.4x	2.3x	3.2x	1.1x

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(1) EBITDA represents net income plus interest expense, estimated taxes on income, minority interest, equity in earnings of affiliates, and depreciation and amortization, and is not intended to represent an alternative to operating income or an alternative to cash flows from operating activities (as determined in accordance with generally accepted accounting principles or GAAP) as a measure of liquidity. We believe that EBITDA divided by total interest expense and total debt divided by EBITDA are meaningful measures of performance because they are commonly used in our industry to analyze operating performance, leverage and liquidity. While EBITDA is frequently used to analyze companies, EBITDA as presented herein is not necessarily comparable to what other companies state as "EBITDA" because of potential inconsistencies in the method of calculation.

(2) Total debt to total capitalization represents (i) total debt, divided by (ii) total debt plus shareholders' equity.

(3) These ratios were computed by dividing earnings by fixed charges. For this purpose, "earnings" consist of income from continuing operations before taxes, distributed income of affiliates accounted for on the equity method

of accounting, fixed charges (excluding capitalized interest) and income of majority-owned subsidiaries with fixed charges, and "fixed charges" consist of interest on indebtedness and that portion of rental expense (one-third) which we believe to be representative of interest.

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DANA CORPORATION (WITH DANA CREDIT CORPORATION ON THE EQUITY BASIS)

The following table sets forth certain unaudited supplemental financial data of Dana with DCC set forth on the equity basis of accounting. This presentation does not conform with GAAP but has been included to assist prospective investors in evaluating an investment in the exchange notes. This information should not be considered in isolation or as a substitute for our financial data that has been prepared in accordance with GAAP. You should read this information in conjunction with "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Results of Operations and Financial Condition" and our consolidated financial statements and the notes thereto, included elsewhere in this prospectus.

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1997	1998	1999	2000	2000	2001
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)						
STATEMENT OF INCOME DATA:							
Net sales	$10,979	$11,911	$12,464	$13,159	$12,317	$9,629	$ 7,898
Other income, net	27	298	59	58	190	183	36
Total revenue	11,006	12,209	12,523	13,217	12,507	9,812	7,934
Cost of sales	9,183	10,099	10,485	11,016	10,662	8,208	7,054
Selling, general and administrative expenses	1,025	1,041	984	1,074	1,007	770	698
Restructuring and integration charges	--	328	118	181	173	103	38
Merger expenses	--	--	50	--	--	--	--
Interest expense	129	172	189	208	218	163	156
Income (loss) before income taxes	669	569	697	738	447	568	(12)
Estimated taxes on income	226	287	277	273	168	204	7
Income (loss) before minority interest and equity in earnings of affiliates	443	282	420	465	279	364	(19)
Minority interest	(33)	(22)	(8)	(13)	(13)	(12)	(6)
Equity in earnings of Affiliates	41	60	122	61	68	66	25
Net income	$ 451	$ 320	$ 534	$ 513	$ 334	$ 418	$ *

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* Amount is less than $.5.

	AT DECEMBER 31,					AT SEPTEMBER 30,	
	1996	1997	1998	1999	2000	2000	2001
	(IN MILLIONS)						
SELECTED BALANCE SHEET DATA:							
Cash and cash equivalents........	$ 268	$ 410	$ 227	$ 101	$ 149	$ 136	$ 186
Total assets.....................	7,299	8,147	9,052	9,502	9,166	9,441	8,901
Total debt.......................	2,023	2,196	2,540	2,759	2,881	3,013	2,951
Deferred employee benefits.......	1,045	1,017	1,061	1,064	1,073	1,050	1,124
Shareholders' equity.............	2,435	2,602	2,940	2,957	2,628	2,729	2,367

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1997	1998	1999	2000	2000	2001
	(IN MILLIONS, EXCEPT RATIOS AND PERCENTAGES)						
OTHER FINANCIAL DATA:							
EBITDA(1).........................	$1,113	$1,122	$1,282	$1,375	$1,092	$1,050	$475
Depreciation and amortization......	315	381	396	429	427	319	331
Capital expenditures..............	397	518	552	547	434	318	219
Ratio of EBITDA to interest expense(1)......................	8.6x	6.5x	6.8x	6.6x	5.0x	6.4x	3.0x
Total debt to EBITDA(1)...........	1.8x	2.0x	2.0x	2.0x	2.6x	2.5x	5.7x
Total debt to total capitalization(2)................	45%	46%	46%	48%	52%	52%	55%
Ratio of earnings to fixed charges (3).............................	3.9x	3.1x	3.6x	3.4x	2.3x	3.6x	1.1x

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Notes (1), (2) and (3) are found on page 13.

RISK FACTORS

You should read and consider carefully each of the following factors, as well as the other information contained in or incorporated by reference into this prospectus, before making a decision on whether to participate in the exchange offer.

RISKS ASSOCIATED WITH THE EXCHANGE OFFER

YOUR OUTSTANDING NOTES WILL NOT BE ACCEPTED FOR EXCHANGE IF YOU FAIL TO FOLLOW THE EXCHANGE OFFER PROCEDURES

We will not accept your outstanding notes for exchange if you do not follow the exchange offer procedures. We will issue exchange notes as part of this exchange offer only after a timely receipt of your outstanding notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you want to tender your outstanding notes, please allow sufficient time to ensure timely delivery. If we do not receive your outstanding notes, letter of transmittal and other required documents by the expiration date of the exchange offer or you do not otherwise comply with the guaranteed delivery procedures for tendering your notes, we will not accept your outstanding notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of outstanding notes for exchange. If there are defects or irregularities with respect to your tender of outstanding notes, we will not accept your outstanding notes for exchange unless we decide in our sole discretion to waive such defects or irregularities.

IF YOU DO NOT EXCHANGE YOUR OUTSTANDING NOTES, THEY WILL CONTINUE TO BE SUBJECT TO THE EXISTING TRANSFER RESTRICTIONS AND YOU MAY NOT BE ABLE TO SELL THEM

We did not register the outstanding notes, nor do we intend to do so following the exchange offer. Outstanding notes that are not tendered will therefore continue to be subject to the existing transfer restrictions and may be transferred only in limited circumstances under the securities laws. As a result, if you hold outstanding notes after the exchange offer, you may not be able to sell them. To the extent any outstanding notes are tendered and accepted in the exchange offer, the trading market, if any, for the outstanding notes that remain outstanding after the exchange offer may be adversely affected due to a reduction in market liquidity.

BECAUSE THERE IS NO PUBLIC MARKET FOR THE EXCHANGE NOTES, YOU MAY NOT BE ABLE TO RESELL THEM

The exchange notes will be registered under the Securities Act, but will constitute a new issue of securities with no established trading market, and there can be no assurance as to:

- the liquidity of any trading market that may develop;

- the ability of holders to sell their exchange notes; or

- the price at which the holders will be able to sell their exchange notes.

Application will be made to list the exchange notes on the Luxembourg Stock Exchange. However, we do not intend to apply for listing of the exchange notes on any U.S. securities exchange or for quotation through an automated quotation system. If a trading market were to develop, the exchange notes might trade at higher or lower prices than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar debentures, our financial performance and the interest of securities dealers in making a market in the exchange notes.

We understand that certain of the initial purchasers, including the joint book-running managers, presently intend to make a market in the exchange notes. However, they are not obligated to do so, and any market-making activity with respect to the exchange notes may be discontinued at any time without notice. In addition, any market-making activity will be subject to the limits imposed by the Securities Act and the Securities Exchange Act of 1934, and may be limited during the exchange offer or the pendency of an

applicable shelf registration statement. There can be no assurance that an active market will exist for the exchange notes or that any trading market that does develop will be liquid.

In addition, any outstanding note holder who tenders in the exchange offer for the purpose of participating in a distribution of the exchange notes may be deemed to have received restricted securities, and if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transactions. For a description of these requirements, see "Exchange Offer."

RISKS RELATING TO DANA AND OUR MARKETS

OUR BUSINESS IS AFFECTED BY THE CYCLICAL NATURE OF THE ORIGINAL EQUIPMENT VEHICULAR MARKETS THAT WE SERVE

Our financial performance depends, in large part, on the varying conditions in the global light, medium and heavy vehicle OE markets that we serve. Demand in these markets fluctuates in response to overall economic conditions and is particularly sensitive to changes in interest rate levels and fuel costs. Our sales of vehicular products are also impacted by OE manufacturer (OEM) inventory levels and production schedules and stoppages. In North America, our largest market, OE light and heavy vehicle build schedules are currently down significantly as compared to 2000. We had sought to scale our operations to the lower production estimates for 2001 which, before the terrorist attacks on September 11, we expected would be approximately 15.4 million units. In the wake of those events, we lowered our 2001 production estimate to 15.2 million units and our estimate for 2002 to 14.5 million units. In response to these lower projections, on October 17, 2001, we announced our intention to accelerate the restructuring of our operations and to further reduce our work force by more than 15% and to review more than 30 facilities for consolidation or closure. However, these efforts to scale our operations may not be fully successful and/or actual production may be below estimated levels. In either event, our results of operations and financial condition would be adversely impacted.

OUR REPLACEMENT PARTS MARKETS ARE DEPRESSED

Approximately 26% of our sales in 2000 were to the global vehicular replacement parts markets. These markets are depressed due to the general economic slowdown. In addition, general improvements in the durability of OE vehicular parts has reduced the demand for replacement parts. We have also been adversely impacted by higher inventory levels in our distribution system due to mergers of our aftermarket customers and difficulties in consolidating certain of our own warehouse operations. We are taking steps to respond to these factors, but we cannot assure you whether or when we will be successful in regaining our historical level of profitability in these markets.

TWO CUSTOMERS ACCOUNT FOR A SIGNIFICANT SHARE OF OUR BUSINESS

Sales to Ford and its subsidiaries accounted for approximately 19% of our consolidated sales in 2000, 16% in 1999, and 15% in 1998, primarily from our ASG and FSG units. Sales to DaimlerChrysler and its subsidiaries accounted for approximately 14% of our consolidated sales in 2000 and 1999 and 13% in 1998, primarily from our ASG and CVS units. Sales to these OE customers are made under various contracts with differing expiration dates, generally relating to particular vehicle models. The loss of either Ford or DaimlerChrysler as a customer, the loss of business with respect to one of more of the vehicle models that use our products or a decline in the production levels for such vehicles would have an adverse effect on our business, results of operations and financial condition.

Ford, DaimlerChrysler and other of our customers have asked us to reduce

the cost of our products to them. We are discussing appropriate cost savings measures with these customers, but we cannot assure you that we will be able to improve or maintain our historical level of profitability in light of such requests.

THE COMPETITIVE ENVIRONMENT IN OUR OE AUTOMOTIVE AND COMMERCIAL VEHICLE SECTORS IS EVOLVING RAPIDLY

In recent years, the competitive environment among suppliers to the global OE vehicle manufacturers has changed significantly as these manufacturers have sought to outsource more vehicular components, modules

and systems. In addition, these sectors have experienced substantial consolidation. We expect to respond to these changes in our markets through strategic alliances, joint ventures, acquisitions and divestitures, as well as through other initiatives intended to maintain our competitiveness. However, we cannot assure you that our efforts will be successful or that new or larger competitors will not significantly impact our business, results of operations and financial condition.

THE AMOUNT OF OUR INDEBTEDNESS COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION

As of September 30, 2001, we had total consolidated indebtedness outstanding of $4,450 million, including the outstanding notes, and total shareholders' equity of $2,367 million. We may also incur additional indebtedness in the future, subject to the satisfaction of certain financial tests.

This level of indebtedness could:

- make it more difficult for us to satisfy our obligations with respect to the notes;

- increase our vulnerability to general adverse economic and industry conditions;

- limit our ability to use operating cash flow in other areas of our business because we must dedicate a portion of these funds to payments on our indebtedness;

- limit our ability to obtain other financing to fund future working capital, acquisitions, capital expenditures, research and development costs and other general corporate requirements; and

- limit our ability to take advantage of business opportunities as a result of various restrictive covenants in our indebtedness.

Since we use a portion of our cash flow from operations to satisfy our debt obligations, a downturn in our business could limit our ability to service these obligations. Our future financial performance will be affected by a range of economic, financial and industry factors, many of which are beyond our control, and we cannot assure you that our business will generate sufficient cash flow from operations to enable us to service our indebtedness or fund our other liquidity needs. Nor can we assure you that, if we needed to do so, we would be able to effect any refinancing, obtain additional financing or sell assets on terms acceptable to us or at all.

SOURCES OF SHORT-TERM FINANCING MAY BECOME UNAVAILABLE

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 downgraded 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 its impact on our operations. When, as a result, the issuance of commercial paper became unavailable to us, we began borrowing against our committed bank lines (a 364-day facility and a long-term facility). The accounts receivable securitization program established in March 2001 and the private placement of the outstanding notes allowed us to reduce our borrowings against the bank lines while extending the overall maturity of our outstanding debt. On December 19, 2001, we entered into a new 364-day facility and amended the long-term facility. Under our amended long-term facility, we have a $500 million committed line, of which $315 million was outstanding as of December 19, 2001. Under our new 364-day facility, we have a $250 million committed line, none of which was outstanding as of December 19, 2001. The 364-day facility is subject to termination upon a "Liquidity Event" and subject to reduction upon receipt of net cash proceeds from certain financings and sales of assets (as described in greater detail in "Description of Certain Indebtedness -- Revolving Credit Facilities" below). We expect to be able to continue to secure short-term financing, but may be forced to adjust our programs if adequate funds are not available on acceptable terms or at all. In the event that we are unable to obtain short-term financing or such financing is not available on acceptable terms, our business, results of operations and financial condition may be adversely affected.

WE ARE IMPACTED BY ENVIRONMENTAL LAWS AND REGULATIONS

Our operations are subject to U.S. and non-U.S. environmental laws and regulations governing emissions to air, discharges to water, the generation, handling, storage, transportation, treatment and disposal of waste

materials and the cleanup of contaminated properties. We believe that our businesses are operating in compliance in all material respects with such laws and regulations, many of which provide for substantial penalties for violations, but we cannot assure you that we will not be adversely impacted by costs, liabilities or claims with respect to existing or subsequently acquired operations, under either present laws and regulations or those that may be adopted or imposed in the future.

WE MAY BE ADVERSELY AFFECTED BY PRODUCT LIABILITY CLAIMS

Currently, product liability claims are not material to our financial condition. However, we have exposure to asbestos litigation because, in the past, some of our automotive products contained asbestos. As a result, there are asbestos personal injury claims pending against us. Historically, a significant majority of the defense and indemnity costs associated with these claims has been covered by insurance in accordance with agreements with our carriers. A substantial increase in the number or size of new claims, or changes in the processing of these claims by our carriers, could adversely affect us.

OUR INTERNATIONAL OPERATIONS EXPOSE US TO RISKS

A substantial portion of our business is conducted outside of the United States, which exposes us to risks from changes in the political, economic and financial environments in other countries, including changes in foreign laws and regulations and in tariffs, taxes and exchange controls, and fluctuations in the exchange rates between the dollar and the currencies in which our foreign operations receive revenues and pay expenses. Significant changes in international conditions could have an adverse effect on our business, results of operations and financial condition. In addition, our consolidated financial

results are denominated in dollars and require translation adjustments for purposes of reporting results from, and the financial condition of, our non-U.S. operations. Such adjustments may be significant from time to time.

RISKS RELATING TO THE NOTES

THE NOTES ARE EFFECTIVELY SUBORDINATED TO OUR SECURED INDEBTEDNESS AND ALL OBLIGATIONS OF OUR SUBSIDIARIES

The notes are our general, unsecured obligations and will not be guaranteed by any of our subsidiaries. Therefore, the notes are effectively subordinated to (1) all of our secured indebtedness, to the extent of the value of the collateral and (2) all indebtedness and other obligations, including trade payables, of our subsidiaries. The effect of this subordination is that, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding involving us or a subsidiary, the assets of the affected entity could not be used to pay you until after:

- all secured claims against the affected entity have been fully paid; and

- if the affected entity is a subsidiary, all other claims against that subsidiary, including trade payables, have been fully paid.

OUR DEBT INSTRUMENTS CONTAIN RESTRICTIVE COVENANTS THAT COULD LIMIT OUR FLEXIBILITY

The indenture governing the notes contains covenants with respect to us and our restricted subsidiaries that restrict, among other things:

- the incurrence of additional indebtedness and the issuance of preferred stock;

- the payment of dividends on, and the redemptions of, capital stock and the redemption of indebtedness that is junior in right of payment to the notes;

- other restricted payments including, without limitation, certain investments;

- the incurrence of liens;

- sales of assets;

- sale and leaseback transactions;

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- transactions with affiliates;

- consolidations, mergers and transfers of all or substantially all of our assets; and

- the creation of restrictions on distributions from restricted subsidiaries.

In addition, our revolving credit facilities require us to maintain certain financial ratios and satisfy certain financial condition tests. These restrictions could also limit our ability to obtain future financings, make needed capital expenditures, withstand a future downturn in our business or the economy in general, or otherwise conduct necessary corporate activities.

Our ability to comply with our covenants may be affected by events beyond our control and we cannot assure you that we will be able to meet them. A breach of any of our covenants would result in a default under the applicable debt agreement. A default, if not waived, could result in acceleration of the debt outstanding under that agreement and in a default with respect to, and acceleration of, the debt outstanding under the other debt agreements. The accelerated debt would become immediately due and payable. If that should occur, we might not be able to pay all such debt or to borrow sufficient funds to refinance it. Even if new financing were then available, it might not be on terms acceptable to us. See "Description of Certain Indebtedness" and "Description of the Notes -- Certain Covenants."

IF WE ATTAIN INVESTMENT GRADE STATUS, WE WILL NO LONGER BE SUBJECT TO MOST OF THE COVENANTS IN THE INDENTURE GOVERNING THE NOTES

If, at any time, the notes receive an investment grade rating from both S&P and Moody's, subject to certain additional conditions, we will no longer be subject to most of the covenants set forth in the indenture. Any covenants that cease to apply to us as a result of achieving such ratings will not be restored, even if the notes are later rated below investment grade by either or both of those rating agencies.

WE MAY NOT BE ABLE TO REPURCHASE THE NOTES UPON A CHANGE OF CONTROL

Upon the occurrence of a Change of Control (as defined in the indenture), we will be required to make an offer in cash to repurchase all or any part of each holder's notes at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest. This covenant will not apply if the notes have been rated investment grade by both S&P and Moody's. If a Change of Control occurs and the covenant is then applicable, we may not have sufficient funds at that time to make the required repurchases of the notes, and, in that event, we would require third-party financing to do so. We cannot assure you that we would be able to obtain this financing on favorable terms, if at all. In addition, a Change of Control would likely result in, and the required repurchases of the notes would result in, an event of default under our revolving credit facilities that would permit the lenders to accelerate the debt outstanding under those facilities.

YOU MAY FACE FOREIGN EXCHANGE RISKS BY INVESTING IN THE NOTES

If you are an investor whose native currency is not the dollar or the euro, an investment in the dollar or euro notes, as the case may be, will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the denominated currency of the notes relative to your native currency because of economic, political and other factors over which we have no control. Depreciation of the dollar or euro against your native currency could cause a decrease in the effective yield of the respective notes and could result in a loss to you on a native-currency basis.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-4 under the Securities Act of 1933 with respect to the exchange notes. This prospectus is a part of that registration statement, but does not contain all of the information set forth therein. For further information about us and the exchange notes, you should refer to the registration statement.

Dana is subject to the informational requirements of the Exchange Act, and,

in accordance therewith, we file reports and other information with the SEC. You can inspect and copy these reports and other materials at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also access electronically reports, proxy and information statements and other information that we file electronically with the SEC by means of the SEC's home page on the Internet at http://www.sec.gov.

EXCHANGE RATE DATA

The following table sets forth, for the periods indicated, certain exchange rates based upon the noon buying rate in New York City for cable transfers in euros for customs purposes by the Federal Reserve Bank of New York (the Noon Buying Rate). Such rates are set forth as dollars per E1.00.

	YEAR ENDED DECEMBER 31,		NINE MONTHS ENDED SEPTEMBER 30,
	1999(1)	2000	2001
Low	1.002	0.827	0.837
High	1.181	1.034	0.954
Period end	1.007	0.939	0.910
Average rate(2)	1.065	0.923	0.890

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(1) The Noon Buying Rate for the euro was first quoted on January 4, 1999.

(2) The average of the Noon Buying Rate on the last business day of each month in the period indicated.

On December 26, 2001, the Noon Buying Rate was $0.8778 = E1.00.

We have provided the above-referenced translations solely for your convenience. We make no representation that any amount of the currencies specified above has been, or could be, converted into the applicable currency at the rates indicated or at any other rate.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are subject to risks and uncertainties. You should not place undue reliance on those statements because they only speak as of the date of this prospectus. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this prospectus, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These factors include:

- national and international economic and political conditions (including additional adverse effects from terrorism or hostilities);

- the strength of the euro and other currencies relative to the dollar;

- the cyclical nature of the global vehicular industry;

- the performance of the global vehicular 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 as contemplated; and

- the success of our restructuring, cost reduction and cash management programs and of our long-term transformation strategy for the company.

All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except for our ongoing obligations to disclose material information as required by the federal securities laws, we do not have any obligation or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future or to reflect the occurrence of unanticipated events. YOU SHOULD ALSO READ CAREFULLY THE FACTORS DESCRIBED IN THE "RISK FACTORS" SECTION OF THIS PROSPECTUS.

USE OF PROCEEDS

We will receive no proceeds from the exchange of outstanding notes pursuant to this exchange offer. In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange a like principal amount of outstanding notes, the terms of which are identical in all material respects to the exchange notes. The outstanding notes surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. Accordingly, issuance of the exchange notes will not result in any change in our capitalization.

Our net proceeds from the offering of the outstanding notes (after deducting the initial purchasers' discounts and commissions and offering expenses payable by us) were approximately $736 million. We applied the net proceeds to repay outstanding indebtedness under our revolving credit facilities. This indebtedness had a weighted average interest rate of 5.123% at July 31, 2001. Affiliates of the initial purchasers who are lenders under our credit facilities received a portion of the net proceeds of the offering applied as repayment of outstanding indebtedness.

CAPITALIZATION

The first table below summarizes our capitalization as of September 30, 2001, which gives effect to the issuance of the outstanding notes and the use of the proceeds from the offering. The second table presents the same information with DCC included on the equity basis. The presentation of DCC on the equity basis is not in conformity with GAAP. You should read this information in conjunction with "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the financial statements and notes appearing elsewhere in this prospectus or in the documents that we have incorporated by reference.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

	SEPTEMBER 30, 2001
	(UNAUDITED) (IN MILLIONS)
Cash and cash equivalents	$ 228
Notes payable, current:	
Current portion of long-term debt	314
Other	909
Total notes payable, current	1,223
Long-term debt	3,227
Shareholders' equity	2,367
Total capitalization	$6,817

DANA CORPORATION (INCLUDING DANA CREDIT CORPORATION ON THE EQUITY BASIS)

	SEPTEMBER 30, 2001
	(UNAUDITED) (IN MILLIONS)
Cash and cash equivalents	$ 186
Notes payable, current:	
Current portion of long-term debt	230
Other	520
Total notes payable, current	750
Long-term debt	2,201
Shareholders' equity	2,367
Total capitalization	$5,318

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected historical consolidated financial information for the five-year period ended December 31, 2000 was derived from our audited consolidated financial statements and notes thereto. The selected historical consolidated financial information for the nine months ended September 30, 2000 and 2001 was derived from our unaudited consolidated financial statements, which financial statements, in the opinion of management reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of such information. Results for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year. You should read this information in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Condition" and our consolidated financial statements and notes thereto, included elsewhere in this prospectus.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

	YEAR ENDED DECEMBER 31,					NINE MONT ENDED SEPTEMBER	
	1996	1997	1998	1999	2000	2000	2
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)						
STATEMENT OF INCOME DATA:							
Net sales........................	$10,979	$11,911	$12,464	$13,159	$12,317	$9,629	$7
Revenue from lease financing......	151	172	173	111	143	100	
Other income, net................	52	319	202	83	231	208	
Total revenue...............	11,182	12,402	12,839	13,353	12,691	9,937	8
Cost of sales....................	9,158	10,067	10,449	10,964	10,599	8,161	7
Selling, general and administrative expenses.........	1,112	1,152	1,122	1,192	1,132	847	
Restructuring and integration charges........................	--	328	118	181	173	103	
Merger expenses..................	--	--	50	--	--	--	
Interest expense.................	203	251	280	279	323	238	
Income (loss) before income taxes..........................	709	604	820	737	464	588	
Estimated taxes on income.........	239	294	315	251	171	207	
Income (loss) before minority interest and equity in earnings of affiliates..................	470	310	505	486	293	381	
Minority interest................	(33)	(22)	(8)	(13)	(13)	(12)	
Equity in earnings of affiliates.....................	14	32	37	40	54	49	
Net income.......................	$ 451	$ 320	$ 534	$ 513	$ 334	$ 418	$
NET INCOME PER COMMON SHARE							
Basic income per share..........	$ 2.83	$ 1.97	$ 3.24	$ 3.10	$ 2.20	$ 2.73	$
Diluted income per share........	2.81	1.94	3.20	3.08	2.18	2.71	
Cash dividends declared and paid per common share...............	0.98	1.04	1.14	1.24	1.24	0.93	
Average shares outstanding --							

Basic	160	163	165	165	152	153
Average shares outstanding -- Diluted	160	165	167	166	153	154

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

	AT DECEMBER 31,					AT SEPTEMBER	
	1996	1997	1998	1999	2000	2000	20
	(IN MILLIONS)						
SELECTED BALANCE SHEET DATA:							
Cash and cash equivalents	$ 272	$ 423	$ 230	$ 111	$ 179	$ 144	$
Total assets	8,522	9,511	10,138	11,123	11,236	11,402	10
Total debt	3,188	3,483	3,416	4,150	4,594	4,681	4
Deferred employee benefits	1,048	1,020	1,064	1,068	1,076	1,052	1
Shareholders' equity	2,435	2,602	2,940	2,957	2,628	2,729	2

	YEAR ENDED DECEMBER 31,					NINE MONT ENDED SEPTEMBER	
	1996	1997	1998	1999	2000	2000	2
	(IN MILLIONS, EXCEPT RATIOS AND PERCENTAGES)						
OTHER FINANCIAL DATA:							
EBITDA(1)	$1,289	$1,305	$1,588	$1,535	$1,310	$1,216	$
Depreciation and amortization	377	450	488	519	523	390	
Capital expenditures	469	579	661	807	662	464	
Ratio of EBITDA to interest expense(1)	6.3x	5.2x	5.7x	5.5x	4.1x	5.1x	
Total debt to EBITDA(1)	2.5x	2.7x	2.2x	2.7x	3.5x	3.3x	
Total debt to total capitalization(2)	57%	57%	54%	58%	64%	63%	
Ratio of earnings to fixed charges	3.9x	3.1x	3.6x	3.4x	2.3x	3.2x	

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(1) EBITDA represents net income plus interest expense, estimated taxes on income, minority interest, equity in earnings of affiliates, and depreciation and amortization, and is not intended to represent an alternative to operating income or an alternative to cash flows from operating activities (as determined in accordance with GAAP) as a measure of liquidity. While EBITDA is frequently used to analyze companies, EBITDA as presented herein is not necessarily comparable to what other companies state as "EBITDA" because of potential inconsistencies in the method of calculation.

(2) These ratios were computed by dividing earnings by fixed charges. For this purpose, "earnings" consist of income from continuing operations before taxes, distributed income of affiliates accounted for on the equity method of accounting, fixed charges (excluding capitalized interest) and income of majority-owned subsidiaries with fixed charges, and "fixed charges" consist of interest on indebtedness and that portion of rental expense (one-third) which we believe to be representative of interest.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion and analysis of our financial condition and results of operations for the fiscal years ended December 31, 1998, 1999 and 2000, and for the fiscal quarters and nine-month periods ended September 30, 2000 and 2001. You should read this discussion and analysis together with our consolidated financial statements and related notes included elsewhere in this prospectus.

OVERVIEW

At September 30, 2001, our operations were organized into the following strategic business units:

- 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. ASG generated sales of $4.6 billion in 2000.

- 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. AAG generated sales of $2.9 billion in 2000.

- 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. CVS generated sales of $1.6 billion in 2000.

- Engine Systems Group -- ESG serves the automotive, light to heavy truck, leisure and outdoor power equipment and industrial markets with sealing products, internal engine hard parts, electronic modules and sensors. ESG generated sales of $1.3 billion in 2000.

- Fluid Systems Group -- FSG manufactures an extensive line of products for pumping, routing and thermal management of fluid systems for a wide range of applications, including passenger cars, heavy trucks, sport and leisure vehicles and off-highway applications. FSG generated sales of $1.2 billion in 2000.

- 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. OHSG generated sales of $674 million in 2000.

- Leasing Services -- With an asset base of $2.5 billion at the end of 2000, DCC and its subsidiaries provide leasing and financing services to selected markets primarily in the U.S., Canada, the United Kingdom and

continental Europe.

On October 17, 2001, we announced plans to pursue the sale of the businesses of DCC, which accounted for approximately $1.9 billion of Dana's assets at September 30, 2001. We also announced our intention to accelerate the restructuring of our operations, including a workforce reduction of more than 15% and the review of more than 30 facilities for consolidation or closure.

On December 3, 2001, we announced the consolidation of our Engine Systems and Fluid Systems Groups into a new strategic business unit (the Engine and Fluid Management Group, which will provide strategic components to the light vehicle market to enhance fuel economy and power generation) and plans to integrate the axle manufacturing operations of our OHSG into our CVS unit. We also updated our estimates of the charges relating to our restructuring plans as follows:

- The restructuring charges are expected to total approximately $445 million after tax.

- Approximately 35% of the charges will be non-cash, and most of the cash portion will be severance costs related to the previously announced workforce reduction.

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- About 65% of the charges will be incurred in the fourth quarter of 2001, with the balance expected to be incurred in 2002.

- Approximately 75% of the charges will be related to our North American operations.

- About 55% of the charges will be incurred by our business units primarily serving the light vehicular OE marketplace, and 26% will be incurred by AAG.

We have faced numerous internal and external challenges in the past two years, in both the OEM and automotive aftermarket sectors, domestically and abroad.

North American light vehicle production reached 17.2 million units in 2000, mainly on the strength of the first half of the year. By the end of 2000, OEM production schedules were 16% below those of December 1999 and dealer inventory of light vehicles was approaching a three-month supply for some models, despite severe production cutbacks by the major OEMs. In the first quarter of 2001, reductions in production schedules at Ford, General Motors and DaimlerChrysler ranged from 17% to 27% when compared to the first quarter of 2000. There was some improvement in production schedules in the second quarter of 2001, but in the third quarter the number of light vehicle production days lost through plant shutdowns again increased, to finish nearly even with the first quarter of 2001. Moreover, dealer inventory levels, especially those of light vehicles with high Dana content, continued to be a problem. Despite OEM retail incentives, sales of light vehicles declined, especially following the events of September 11, and inventories were higher at September 30 than at the end of the prior quarter. Since then, response to continued and enhanced OEM incentives has driven light vehicle sales to impressive levels, but we do not expect these sales to significantly improve OEM production schedules for the remainder of the year, since the dealers are working down their inventory. We believe that recent declines in U.S. consumer confidence measures and the effects of military actions in response to the September 11 terrorist attacks, among other factors, will continue to impact vehicle demand in 2002, and we currently expect that North American light vehicle production volume next year will be approximately

14.5 million units.

North American heavy truck production also started 2000 at near-record volume, only to drop by 40% in the second half of the year in reaction to high retail inventory and slowing demand. As on the light vehicle side, production levels were flat in the first quarter of 2001, improved some in the second quarter, and worsened again in the third quarter, when lost production days slightly exceeded the first quarter level. In light of the current overall economic conditions, our production volume estimate for this market for 2002 is approximately 130,000 units.

As we enter 2002, we expect to continue to face ongoing reductions in demand from our major light vehicle and heavy truck OEM customers, as they react to high dealer inventory and lower sales, as well as pricing pressures that will challenge us to reduce costs through improved capital efficiency, advanced technology and continued advancement of our global sourcing initiative.

Nonetheless, this year's sales will include approximately $330 million from net new business and, based on our OEM customers' production estimates, we are currently projecting approximately $5.9 billion in sales from net new business in the aggregate from 2001 through 2005. We are encouraged by the new awards, especially since these sales include business not only with our traditional North American OEM customers, but also with OEMs based outside the United States.

The automotive aftermarket has also been relatively flat in 2001. Key factors in this softness were higher fuel costs earlier in 2001 (which tended to reduce the portion of vehicle operating outlays expended on repairs and maintenance) and general improvement in the quality and durability of automotive parts (which means they need replacement less often). Although automotive aftermarket sales were generally relatively strong in the third quarter of 2001, our sales in this segment declined to levels experienced in the fourth quarter of 2000 and the first quarter of 2001. This was due to the continued effects of consolidation within our customer base (which resulted in excess inventory at certain customers), improvements by our customers in the management of the supply chain (which reduced the level of inventory necessary to meet retail demand), and a shift by the retailers of a portion of their inventory requirements to the manufacturers (which reduced the retailers' inventory needs far more rapidly than actual inventory was reduced). We believe that the excess inventory will

be eliminated over the next several quarters and that our aftermarket sales will generally remain flat during that period.

RESULTS OF OPERATIONS (THIRD QUARTER 2001 VERSUS THIRD QUARTER 2000)

Our worldwide sales decreased $466 million in the third quarter of 2001 to $2,399 million, a 16% decline from the third quarter of 2000. The net effect of acquisitions, divestitures and price changes was minimal. Our U.S. sales dropped $360 million or 18% versus the third quarter of 2000. Excluding the net effect of acquisitions and divestitures, U.S. sales declined $331 million or 16%.

Overall sales outside the U.S. fared better, slipping only $106 million or 10% compared to the third quarter last year. The decline was $122 million or 12% excluding the net effect of acquisitions and divestitures. Nearly half of this decline resulted from the strengthening of the U.S. dollar relative to foreign currencies since the third quarter of 2000. The currencies accounting for the largest components of the approximately $56 million adverse impact were the Brazilian real ($29 million), the euro ($7 million), the Australian dollar ($6 million), the Canadian dollar ($6 million) and the British pound ($2 million).

Sales by region for the third quarter are shown in the following table.

	2000	2001	% CHANGE	% CHANGE EXCLUDING ACQUISITIONS AND DIVESTITURES
	(IN MILLIONS)			
North America	$2,165	$1,787	(17)	(16)
Europe	441	380	(14)	(12)
South America	158	154	(3)	(22)
Asia/Pacific	101	78	(23)	(19)

Sales in North America decreased $378 million or 17% in the third quarter of 2001. Excluding the effect of divestitures, the decline was $350 million or 16%. As noted above, the relative weakness of the Canadian dollar accounted for $6 million of the reduction. European sales were down less than 12% in local currency but conversion to U.S. dollars pared another $10 million for a total decline of $61 million or 14% including $9 million from divestitures. South American sales were down $4 million as $32 million of adverse currency effects offset the $31 million added through acquisitions. Sales in Asia/Pacific were down 10% in local currency and, similar to the other regions, were affected by the weakening of local currencies relative to the U.S. dollar as adverse currency effects totaled more than $8 million. The effect of divestitures was a $4 million sales decrease, with no acquisition impact.

Sales by SBU for the third quarter are shown in the following table.

	2000	2001	% CHANGE	% CHANGE EXCLUDING ACQUISITIONS AND DIVESTITURES
	(IN MILLIONS)			
ASG	$1,062	$831	(22)	(24)
AAG	681	639	(6)	(4)
CVS	346	259	(25)	(21)
ESG	321	273	(15)	(13)
FSG	266	237	(11)	(11)
OHSG	178	141	(21)	(21)
Other	11	19	73	16

The "Other" category in the chart represents closed and sold facilities or locations where the operating responsibility has not been assigned to a specific SBU.

ASG, which manufactures axles, driveshafts, structural components, modules and chassis systems, experienced a sales decline of $231 million or 22% in the third quarter. The North American region accounted

for $191 million of this shortfall. After a slight build rate increase in the North American light vehicle and heavy truck markets in the second quarter of

2001, third quarter production fell back to the previous declining trend. The aftermath of the September 11 terrorist attacks accounted for some of the production decline as Ford, our largest customer, announced production cutbacks of 110,000 to 120,000 units for the last two weeks of September. Compared to last year's third quarter, North American light vehicle production was down 12%. ASG experienced a $183 million drop in North America when compared to its second quarter 2001 sales total. The disruptions to production schedules of our OE customers, which had declined somewhat in the second quarter, became a significant issue again in the third quarter. After September 11, increased security at international border crossings resulted in shipping delays that were responsible for creating parts shortages that further impacted production. Incentives helped boost light vehicle sales but the demand was generally met by existing dealer inventories, which remain high for certain models with high Dana content. ASG reported an aggregate sales decrease of $40 million in the other regions. Sales in Europe were down $18 million, mostly from a decline in volume as the adverse effect of weaker currencies was minimal. Sales in South America in the third quarter of 2001 were $5 million below those in the same period of the prior year, as sales gained via acquisitions were more than offset by $11 million in organic declines and $14 million from the effect of weaker currencies, especially the Brazilian real. Modular sales in Asia/Pacific experienced an organic decline of $9 million, which was nearly matched by the $8 million negative impact of foreign currency fluctuations, with no impact from acquisitions or divestitures.

AAG, which is primarily responsible for the distribution side of our automotive business, experienced a year-over-year sales decline of $42 million or 6% in the third quarter of 2001. After showing improvement in the second quarter of 2001 on a sequential basis, AAG's sales declined again to within 1% of the sales reported in the final quarter of 2000 and the initial quarter of the current year. Sales in North America, which represents more than three-fourths of AAG's market, were down $31 million or 5% when compared to the same period in 2000. Divestitures accounted for $16 million of the decline. Sales in Europe declined $3 million due to $1 million in adverse currency effects and a $2 million decline in organic sales related to softness in the market. Sales in South America declined by $2 million overall as a $2 million local currency increase and $3 million of acquisition impact were more than offset by adverse currency impacts of $7 million.

CVS sells heavy axles and brakes, drivetrain components, trailer products and heavy systems modular assemblies; its power take-off operations were divested in July 2001. The decline in its third quarter 2001 sales of $86 million or 25% as compared to the third quarter of 2000 was due to the fact that North America represents nearly 95% of the CVS market and medium and heavy-duty vehicle production in North America declined significantly compared to the prior year. Aggregate sales for the other three regions declined $8 million or 37% in a year-on-year comparison with no impact from divestitures. Total CVS sales for the third quarter of 2001 declined 13% from the previous quarter, the second quarter of decline after increasing 11% in the first quarter of 2001 when compared to the fourth quarter of 2000.

ESG sells gaskets and other sealing products and engine parts, such as piston rings, bearings, liners and camshafts. This SBU experienced a sales decrease of $49 million or 15% in the third quarter of 2001 versus the comparable period in 2000. Sales followed the overall markets in North America, down $23 million or 12% with reductions in the automotive, commercial vehicle and aftermarket sectors. Sales in Europe were down $25 million or 21% due to organic declines of $13 million, divestitures of $9 million and adverse currency effects of $3 million. Sales were flat in South America with acquisitions and organic growth offsetting adverse currency effects of $3 million.

FSG, which manufactures an extensive line of rubber hose, fluid products and fluid management systems, reported the smallest decline in third quarter

2001 sales of any SBU with a $29 million or 11% decrease when compared to the third quarter of 2000. Sales here have been nearly flat since the third quarter of last year, which was the last quarter with a notable decline. FSG benefited from having content on models that avoided until recently the severe OE customer production cuts that have affected most of the other SBUs. Currency impact for the quarter was a negative $8 million. In Europe, currency losses of $1 million partially offset an $8 million sales gain in local currency. FSG sales in the South American and Asia/Pacific regions continued to be insignificant.

OHSG, which sells off-highway axles, powershift transmissions, transaxles, torque converters and electronic controls, finished the third quarter of 2001 with sales down $36 million or 21% versus 2000, with no impact from acquisitions or divestitures. Adverse currency impact accounted for $4 million, and organic sales declined $20 million in North America and $14 million in Europe. Sales declined 12% in North America and 16% in Europe when compared to the second quarter of 2001. Overall markets were depressed in North America while the agricultural market in Europe continued efforts to recover from the impact of livestock diseases.

Revenue from lease financing and other income increased $48 million in the third quarter of 2001 due primarily to non-recurring gains related to the sales of our industrial polymer bearings businesses and our Chelsea power take-off operations. Lease financing income in 2001 was flat versus 2000.

Gross margin for the third quarter of 2001 was 10.4% versus 13.4% in 2000. Margins in all our SBUs were adversely affected as the declines in production reduced our ability to absorb certain fixed operating expenses.

Selling, general and administrative expenses for the quarter decreased $34 million compared to the same period in 2000. Approximately $25 million of this decrease was in North America while $5 million was due to currency movements.

Operating margin for the third quarter of 2001 was 0.3% compared to 3.8% in 2000 for the above reasons.

Interest expense for the third quarter of 2001 was $6 million lower than the comparable period last year, the combined effect of a slightly lower average debt level and lower interest rates.

Neither the effective tax rate nor the comparison of the effective tax rates for the third quarters of 2001 and 2000 is meaningful due to the low level of pre-tax earnings. The rate is impacted by a number of permanent differences between financial accounting rules and related tax regulations, the impact of which is magnified due to the reduced level of the pre-tax amounts in both years. In addition, the realization of pre-tax profits in countries with higher statutory rates and losses in other countries where benefits are not available impacted the effective rate.

Equity in earnings of affiliates was $7 million lower in 2001. The most significant reduction occurred in Mexico. Declines in Brazil were more than offset by an increase in Europe, which benefited from our new investment in GETRAG. Earnings from DCC's equity investments were also slightly lower.

We reported net income of $13 million in the third quarter of 2001, the net result of an $8 million operating loss and $21 million of net non-recurring income. Non-recurring items included $30 million of gains on divestitures and $9 million of charges related to our restructuring activities. In the third quarter of 2000 we reported earnings of $29 million, consisting of $61 million of operating income and $32 million of net non-recurring expense.

RESULTS OF OPERATIONS (NINE MONTHS 2001 VERSUS NINE MONTHS 2000)

Our worldwide sales decreased $1,731 million in the first three quarters of 2001 to $7,898 million, an 18% decline from the first three quarters of 2000. Excluding the net effect of acquisitions and divestitures, sales decreased $1,638 million or 17% during the period with price changes having a minimal effect. Our U.S. sales dropped $1,442 million or 21% versus the prior year. Excluding the net effect of acquisitions and divestitures, U.S. sales declined $1,318 million or 19%.

Overall sales outside the U.S. fared better, slipping only $289 million or 9% compared to last year. The decline was $320 million or 10% excluding the net effect of acquisitions and divestitures. Most of this decline resulted from the strengthening of the U.S. dollar relative to foreign currencies since September of 2000. The currencies accounting for the largest components of the approximately $202 million adverse impact were the Brazilian real ($63 million), the euro ($52 million), the Canadian dollar ($24 million), the Australian dollar ($22 million) and the British pound ($21 million).

Sales by region for the first nine months were as follows:

	2000	2001	% CHANGE	% CHANGE EXCLUDING ACQUISITIONS AND DIVESTITURES
	(IN MILLIONS)			
North America	$7,435	$5,935	(20)	(19)
Europe	1,504	1,308	(13)	(12)
South America	427	414	(3)	(13)
Asia/Pacific	263	241	(8)	(11)

Sales in North America decreased $1,500 million or 20% for the period. Excluding the effect of divestitures, the decline was $1,376 million or 19%. As noted above, the relative weakness of the Canadian dollar accounted for $24 million of the reduction in sales. European sales were down less than 8% in local currency but conversion to U.S. dollars pared another $77 million for a total decline of $196 million or 13%. Divestitures exceeded acquisitions by $14 million. South American sales improved 3% in local currencies and net acquisitions added $40 million, but sales were down $13 million or 3% after absorbing $72 million of adverse currency effects. Sales in Asia/Pacific were down $22 million as $31 million of adverse currency impact was partially offset by a $6 million net effect of acquisitions and divestitures.

Sales by SBU for the first nine months are shown in the following table:

	2000	2001	% CHANGE	% CHANGE EXCLUDING ACQUISITIONS AND DIVESTITURES
	(IN MILLIONS)			
ASG	$3,501	$2,824	(19)	(21)

AAG..................................	2,134	1,950	(9)	(7)
CVS..................................	1,312	878	(33)	(30)
ESG..................................	1,070	911	(15)	(14)
FSG..................................	894	800	(11)	(10)
OHSG.................................	627	484	(23)	(21)
Other................................	91	51	(44)	12

ASG incurred a sales decline of $677 million or 19% in the first three quarters of 2001. The North American region experienced $630 million of this shortfall. In 2000, North American light vehicle and heavy truck manufacturers were producing near record levels during the first half of the year. Heavy truck production began to show signs of slowing by the end of the second quarter of 2000, a trend which worsened significantly in the second half of the year. The light vehicle manufacturers began a similar slide in the third quarter of 2000 that also worsened in the fourth quarter. Sales in both markets were generally flat in the first quarter of 2001 when compared to the fourth quarter of last year, but demand was sporadic and margins were adversely affected by the high volume of production shifts cancelled 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. SUVs and light trucks overall maintained their 50% share of the light vehicle market, but Ford and Chrysler vehicles in general and certain models with high Dana content in particular have declined more than the light vehicle market overall in the current year. The other regions reported an aggregate sales decrease of $48 million. Sales in Europe were down $36 million as an adverse currency impact of $20 million and $28 million of organic declines more than offset acquisition benefits of $12 million. Sales in South America were $11 million below the same period in the prior year, as the $8 million of organic decline and $33 million of adverse effects of weaker currencies more than offset the net acquisition impact of $29 million. Modular sales in Asia/Pacific were flat with currency declines of $25 million offsetting acquisition impact of $21 million and modest organic growth.

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AAG also experienced a decline in sales for the first three quarters of 2001. Sales in North America, which represents more than three-fourths of its global market, were down $145 million or 8%. The reported improvement in the domestic aftermarket followed the pattern in our other markets, as retailers generally met the higher demand with existing inventory. Divestitures also contributed $34 million to the decline. Sales in Europe declined $25 million due to $9 million in adverse currency effects and a $16 million decline in organic sales. Sales in South America were down $2 million as a $16 million currency decrease was partially offset by local growth of $11 million and $3 million of acquisition impact. Divestitures accounted for $11 million of the $13 million sales decline reported in Asia/Pacific.

CVS experienced a year-on-year decline in sales in the first nine months of 2001 of $434 million or 33% for the reasons cited in the discussion of ASG above. The decline in CVS sales included $45 million of divestiture impact, $42 million of which was in North America. Excluding this effect, sales in North America for the period were 30% below those of the first three quarters of 2000. Aggregate sales for the other three regions declined $25 million or 35% in a year-on-year comparison with $6 million due to divestitures and adverse currency effects.

ESG realized a sales decrease of $159 million or 15% in the first nine

months of 2001 versus the same period of 2000. Sales in North America were down $99 million or 16% as the automotive, commercial vehicle and aftermarket sectors all trailed prior year volume. Sales in Europe were down $57 million or 14% with adverse currency effects of $20 million playing a significant role. Sales were generally flat in South America before adverse currency effects of $6 million and a net acquisition impact of $2 million.

FSG reported the lowest drop in sales of any SBU with a $94 million or 11% decrease. FSG benefited from having content on models that avoided the severe OE customer production cuts that have affected most of the other SBUs. Currency impact for the period was a negative $25 million. In Europe, currency losses of $8 million partially offset a $16 million sales gain in local currency. FSG sales in the South American and Asia/Pacific regions were insignificant and uncharged from the prior year, with organic growth of $8 million in South America offset by adverse currency impact.

OHSG finished the period down $143 million or 23% in sales versus 2000, with $9 million resulting from divestitures. Currency impact accounted for $20 million, and organic sales declined $81 million in North America, where overall markets were weak, and $37 million in Europe, where the construction market softened and agriculture remained weak.

Sales in "Other" decreased $40 million or 44% compared to 2000 reflecting the sale of most of the Warner Electric businesses at the end of February 2000.

Revenue from lease financing and other income decreased $159 million in the first three quarters of 2001 when compared to the same period in 2000. In 2001, other income included a $50 million gain on the divestiture of our Chelsea power take-off business and of our industrial bearings businesses. Also included in 2001 was a $35 million loss on the sales of our Mr. Gasket subsidiary, our Marion, Ohio forging facility and the assets of our Dallas, Texas and Washington, Missouri FSG operations. Included in the total for 2000 was $179 million 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 million net charge related to final settlement of the Midland Grau divestiture was recorded in the third quarter of 2000, bringing to $169 million the amount of net non-recurring income included in other income. Lease financing income in 2001 decreased approximately $12 million versus the total for the first nine months of 2000.

Gross margin through September of 2001 was 11.3% versus 15.2% in 2000. Margins in all our SBUs were severely affected as the decline in volume reduced our ability to absorb certain fixed operating expenses.

Selling, general and administrative expenses decreased $72 million during the first nine months of 2001 compared to the same period last year. The net effect of divestitures accounted for $19 million of this change, and currency exchange caused another $18 million of the decline. The largest changes occurred in Europe where currency fluctuations caused $8 million of the $18 million 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 for the period was 1.5% compared to 6.4% in 2000 for the above reasons.

Interest expense was $1 million higher as the impact of higher debt was generally offset by reduced interest rates.

Neither the effective tax rate nor the comparison of the effective tax rates for the nine months ended September 2001 and 2000 is meaningful due to the low level of pre-tax earnings. As noted in the discussion of the quarterly results of operations, the impact of permanent differences between financial accounting rules and tax regulations is magnified due to the reduced level of the pre-tax amounts in both years.

Equity in earnings of affiliates through September 2001 was $26 million lower than in the first nine months of 2000. The reduction in earnings in Mexico and Venezuela more than offset the inclusion of earnings related to our investment in GETRAG and a $4 million increase in earnings from DCC's equity investments.

For the first nine months of 2001, operating income was fully offset by the $19 million of net non-recurring items. We reported net income of $418 million for the same period in 2000, which included $43 million of net non-recurring income related to the divestitures and restructuring activities.

RESULTS OF OPERATIONS (2000 VERSUS 1999)

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

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

	1999	2000	CHANGE AMOUNT	CHANGE PERCENT
	(IN MILLIONS)		(IN MILLIONS)	
North America	$10,308	$9,449	$(859)	(8.3)%
Europe	2,051	1,947	(104)	(5.1)%
South America	549	563	14	2.6%
Asia/Pacific	251	358	107	42.6%

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

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

million drop in sales. Continuing recovery in the region was evident however in the $90 million of organic growth. Organic growth in Asia/Pacific sales totaled $133 million, more than offsetting the $25 million of adverse currency effects. Sales due to acquisitions equaled those lost by way of divestitures.

We realigned certain businesses within our SBU structure in 2000. The most significant change was shifting our fluid handling products operations from ESG to FSG. Our segment information was restated to reflect these changes.

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Sales by SBU for 1999 and 2000 are presented in the following table. We do not consider our leasing service revenues to be sales. The "Other" category in the table represents facilities that have been closed or sold and operations not assigned to a specific SBU.

	1999	2000	CHANGE AMOUNT	CHANGE PERCENT
	(IN MILLIONS)		(IN MILLIONS)	
ASG	$4,461	$4,634	$173	3.9%
AAG	3,039	2,850	(189)	(6.2)%
CVS	1,904	1,598	(306)	(16.1)%
ESG	1,318	1,293	(25)	(1.9)%
FSG	1,238	1,163	(75)	(6.1)%
OHSG	812	674	(138)	(17.0)%
Other	387	105	(282)	(72.9)%

ASG's sales in North America decreased $106 million 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 million) and net divestitures ($55 million). Sales in Europe benefited from our acquisition of the GKN driveshaft business early in 2000, which added sales of $142 million, but gave back $75 million to currency effects. ASG's internal growth of nearly $40 million resulted from improvement in both driveshaft and axle sales, the latter improving 32% in Austria. The acquisition of the automotive axle manufacturing and stamping business of Invensys plc added $34 million of sales in Asia/Pacific, more than offsetting the $22 million adverse currency effect and complementing the $141 million of organic growth resulting mainly from new modular systems business.

AAG ended 2000 with a $189 million decrease in sales, of which nearly $44 million related to the late 1999 divestiture of Sierra International Inc., a manufacturer and distributor of marine and power equipment, engine, drive and hose products. Inefficiencies in consolidating parts of its warehousing operations and softness in the North American automotive aftermarket were key factors in the $85 million sales decline at AAG's operating units in this region. Sales in Europe were marginally higher than in 1999 but the region lost $40 million 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.

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 2000, 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 million below 1999 results. The divestiture impact for the full year was $106 million and currency losses pared another $9 million, leaving $190 million of organic sales reductions.

ESG achieved $31 million of organic growth with $23 million emanating from Europe and $8 million from South America. Similar to the European operations of our other SBUs, those of ESG lost $56 million in converting their local sales to dollars. ESG sales in North America edged up $5 million or 1% in 2000.

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

OHSG's sales fell $138 million overall as the divestiture of the Gresen Hydraulics business in January 2000 resulted in a $97 million decline in sales and adverse currency impacts accounted for another $49 million. Organic growth was a modest $8 million. North American sales declined $93 million with $86 million attributable to the Gresen divestiture. In Europe, sales were $41 million lower as weakness in the euro had a

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$49 million adverse effect. South American sales were down $4 million as $7 million of organic growth was negated by $11 million lost through the Gresen divestiture.

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

"Other" income increased $148 million in 2000, primarily the result of a $156 million increase in gains on divestitures that was partially offset by a $9 million decrease in interest income (exclusive of DCC's 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 million in 2000 in connection with discontinuing certain lines of business and $57 million in 1999 related to impairment and other rationalization adjustments and charged these amounts to cost of sales. Gross margins excluding these items would have been 14.1% in 2000 and 17.1% in 1999.

Selling, general and administrative expenses decreased $60 million in 2000, slightly exceeding the $56 million attributed to the net effect of divestitures and acquisitions. DCC increased its general and administrative expenses by $9 million 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 million or nearly 16% in 2000 as overall debt increased by almost 11%. Average short-term borrowings rose $452 million to $1,614 million and the average interest rate increased from 5.4% to 6.6%.

Our effective tax rate was 36.8% in 2000. We benefited 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 million 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 million loss recorded in the fourth quarter at our then 49%-owned affiliate in Venezuela.

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

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

RESULTS OF OPERATIONS (1999 VERSUS 1998)

Our worldwide sales increased by $695 million in 1999 to $13,159 million, nearly 6% above the record level of 1998. Organic growth accounted for $359 million or 3% while acquisitions, net of divestitures, added

$336 million. U.S. sales increased $629 million or 7% with $122 million attributable to acquisitions net of divestitures. Exports increased 24% to $939 million despite the increasing strength of the dollar.

Sales by region for 1998 and 1999 are presented in the following table:

	1998	1999	CHANGE AMOUNT	CHANGE PERCENT
	(IN MILLIONS)		(IN MILLIONS)	
North America	$9,657	$10,308	$651	6.7%
Europe	1,844	2,051	207	11.2%
South America	779	549	(230)	(29.5)%

Asia/Pacific	184	251	67	36.4%

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

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

			CHANGE	
	1998	1999	AMOUNT	PERCENT
	(IN MILLIONS)		(IN MILLIONS)	
ASG	$4,180	$4,461	$281	6.7%
AAG	2,888	3,039	151	5.2%
CVS	1,746	1,904	158	9.0%
ESG	978	1,318	340	34.8%
FSG	1,193	1,238	45	3.8%
OHSG	888	812	(76)	(8.6)%
Other	591	387	(204)	(34.5)%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Net income for 1999 was $513 million, slipping 4% from the $534 million we earned in 1998. Both years included non-recurring items that make it difficult

to compare these results. In 1998 we recorded $57 million of non-recurring charges net of gains on divestitures and the settlement of a patent infringement case. In 1999, we recorded $165 million of non-recurring charges net of the gain on the sale of Sierra. With these items excluded from both years, our earnings would have increased $87 million or 15% to $678 million.

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

LIQUIDITY AND CAPITAL RESOURCES

Operating activities in the first nine months of 2001 generated $390 million of positive cash flow, a $35 million reduction from the same period in 2000. The decline in net income, after excluding the divestiture gains in both years, adversely affected the comparison by $318 million. Our focus on reducing working capital helped limit the increase in working capital over the first nine months of 2001 to $79 million. This result was achieved despite the repayment of approximately $100 million financed by a sale of accounts receivable at the end of 2000 and payment of $104 million representing the final installment of the purchase price of our investment in GETRAG Cie. In the first nine months of 2000, working capital increased $223 million with changes in accounts receivable and accounts payable as the primary elements. Depreciation and amortization increased $18 million in the first nine months of 2001.

CASH FLOWS FROM OPERATIONS

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, (IN MILLIONS)
1999	$302
2000	425
2001	390

Capital expenditures in the first nine months of 2001 were $306 million, representing a $158 million reduction over the same period of 2000. We will further limit capital spending in conjunction with our new cash conservation and restructuring initiatives announced in October 2001. Capital spending will be used almost exclusively to support new business in the near term, and our estimate for all of 2001 is $400 million.

CAPITAL EXPENDITURES

	YEAR ENDED DECEMBER 31,	NINE MONTHS ENDED SEPTEMBER 30,
	(IN MILLIONS)	

1999	$807	$562
2000	662	464
2001	400*	306

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* Estimated

Investing activities provided cash of $39 million in the first nine months of 2001 versus an outflow of $417 million during the same period in 2000. Divestiture proceeds were a significant element in the third quarter, as the closing of two divestitures increased our total proceeds through the first nine months of 2001 by $206 million. In the first three quarters of 2000, we realized $562 million of proceeds from divestitures and spent $279 on acquisitions. DCC continued to maintain its portfolio of leases and loans in 2001, providing net cash receipts of $7 million through the first nine months; these activities used cash of $263 million in the comparable period in 2000.

In March 2001, we established a $400 million accounts receivable securitization program. The initial proceeds were used to reduce debt, including amounts outstanding under our revolving credit facilities. At September 30, 2001, borrowings of $320 million were outstanding under the program. The amounts outstanding under the program are reflected as short-term borrowings in the consolidated financial statements. In August 2001, we completed the private placement of $575 million and E200 million of 10-year unsecured senior notes. We used the proceeds from these notes, along with a portion of the divestiture proceeds, to further reduce borrowings under Dana's revolving credit facilities and satisfy maturities of existing long-term debt.

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Our September 2001 year-to-date cash flows related to financing activities included a $642 million reduction of net short-term borrowings and a net increase in long-term debt of $413 million. This activity was partially offset on our balance sheet by the consolidation of approximately $90 million of debt in the second quarter in connection with our purchase of the remaining 51% interest in Danaven, a Venezuelan operation in which we previously held a minority position. The $139 million of dividends paid in the first nine months of 2001 reflects a $3 million reduction over the same period in 2000 as a result of the repurchase of shares, as dividend rates in both years were comparable. Funds expended for stock repurchases in the first nine months of 2000 totaled $381 million. Stock repurchases were discontinued in September 2000.

Committed and uncommitted bank lines enable us to make direct bank borrowings. Excluding DCC we had committed and uncommitted borrowing lines of credit totaling approximately $1.833 billion at September 30, 2001, including two revolving credit facilities (a 364-day facility and a long-term facility) with an aggregate maximum capacity of $1 billion. On December 19, 2001, we entered into a new 364-day facility and amended the long-term facility. The 364-day facility matures on December 18, 2002 and has a maximum borrowing capacity of $250 million, subject to termination upon the occurrence of a "Liquidity Event" and to reduction in other circumstances (as described in greater detail in "Description of Certain Indebtedness -- Revolving Credit Facilities" below). The long-term facility matures in November 2005 and has a maximum borrowing capacity of $500 million. We had $315 million outstanding under these revolving credit facilities at December 19, 2001. DCC had credit lines totaling $580 million at September 30, 2001, including two revolving credit facilities with an aggregate maximum capacity of $463 million. The DCC 364-day facility matures in June 2002 and has a maximum borrowing capacity of

$213 million. The DCC long-term facility matures in June 2004 and has a maximum borrowing capacity of $250 million. At September 30, 2001, approximately $319 million was outstanding under the DCC revolving credit facilities.

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 downgraded 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 its impact on our operations. When, as a result, the issuance of commercial paper became unavailable to us, we began borrowing against our committed bank lines. The accounts receivable securitization program established in March 2001 and the private placement of the outstanding notes allowed us to reduce our borrowings against the bank lines while extending the overall maturity of our outstanding debt. Dana, excluding DCC, had $435 million of capacity available under the revolving credit facilities at December 19, 2001.

We expect to be able to continue to secure short-term financing, but if such financing is not available on acceptable terms, our results of operations and financial condition may be adversely affected. 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.

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

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 September 30, 2001, $40 million was accrued for contingent environmental liabilities with no recovery expected from other parties, unchanged from December 31, 2000.

We estimate contingent non-asbestos product liabilities based on existing claims plus our estimate of incurred but not reported claims based on historical experience. At September 30, 2001, $21 million was accrued for contingent non-asbestos product liability costs and $3 million was recorded as an asset for probable

recoveries, compared to $21 million accrued for liabilities and $2 million recorded as an asset at the end of 2000.

At September 30, 2001, the difference between our minimum and maximum estimates for contingent liabilities, while not considered material, was $2 million for the environmental liability claims and $14 million for the non-asbestos product liability claims, which is unchanged from the end of 2000.

With respect to contingent asbestos-related product liability, we had approximately 96,000 asbestos-related claims outstanding at September 30, 2001, including approximately 29,000 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 September 30, 2001, we had accrued $94 million for contingent asbestos-related product liability costs and recorded $82 million as an asset for probable recoveries from insurers for asbestos-related product liability claims, compared to $78 million accrued for liabilities and $67 million recorded as an asset at December 31, 2000.

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 have no direct association with products manufactured by Dana. Since the reorganization of the CCR, a greater number of claims against Dana are being dismissed and the average cost of settlement has declined.

At September 30, 2001, $99 million of restructuring charges remained in accrued liabilities. This balance consisted of $79 million related to the termination of employees, including the announced termination of approximately 730 employees scheduled for the remainder of 2001, and $20 million for lease termination and other exit costs. We estimate the related cash expenditures will be approximately $25 million in the remainder of 2001, $25 million in 2002, $11 million in 2003 and $38 million thereafter.

On October 17, 2001, we announced our intention to accelerate the restructuring of our operations and to reduce our workforce globally by more than 15%. More than 30 facilities are being reviewed for consolidation or closure. Plans identifying the specific actions are being developed and will determine the timing of expense recognition and cash flows. However, we currently expect that the restructuring charges will total approximately $445 million after tax and that about 65% of the charges will be incurred in the fourth quarter of 2001, with the balance to be incurred in 2002. We expect that approximately 35% of the charges will be non-cash; most of the cash portion will be severance costs related to the workforce reduction. We anticipate that approximately 75% of the charges will be directly related to our North American operations. We estimate that about 55% of the charges will be incurred by our business units primarily serving the light vehicular original equipment marketplace and about 26% will be incurred by AAG. We also announced that we will pursue the sale of the businesses of DCC, which accounted for approximately $1.9 billion of our assets at September 30, 2001. Although we are presently unable to estimate the proceeds from this sale, we do not expect to incur a loss.

We believe it is likely that our liquidity and cash flows will be materially impacted by these restructuring activities through the end of 2001 and during 2002. However, we believe that our cash flows from operations, as supplemented by our credit facilities and the accounts receivable securitization program, will 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.

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.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of our financial instruments are as follows:

	DECEMBER 31,			
	1999		2000	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	(IN MILLIONS)			
Financial assets Cash and cash equivalents....	$ 111	$ 111	$ 179	$ 179
Loans receivable (net).....................	184	180	219	228
Investment securities......................	67	67	55	55
Financial liabilities				
Short-term debt............................	968	968	1,526	1,526
Long-term debt.............................	3,198	3,101	3,068	2,943
Security deposits -- leases................	4	3	1	
Deferred funding commitments under leveraged leases.................................	4	3	1	1
Unrecognized financial instruments, net.......		(4)		(1)

DERIVATIVE FINANCIAL INSTRUMENTS

Various types of derivative financial instruments are used primarily to hedge interest rate and foreign currency effects. Derivatives are not used for trading or speculative purposes. Interest rate swaps are used to manage exposure to fluctuations in interest rates and to balance the mix of our fixed and floating rate debt. Differentials to be paid or received on certain interest rate agreements are accrued and recognized as adjustments to interest expense.

On January 1, 2001, we adopted Statement of Financial Accounting Standards (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 and the effect of marking these contracts to market has been recorded in other comprehensive income. 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. The adoption of SFAS Nos. 133 and 138 has not had a material effect on our financial position or results of operations.

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.

INTEREST RATE AGREEMENTS

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

On August 8, 2001, in conjunction with the issuance of the outstanding notes, we entered into interest rate agreements to swap the 9.00% fixed rate on the notes for a variable rate equal to the six-month LIBOR (London interbank offered rates) rate plus 3.045% on the $575 million notes and the six-month EURIBOR (Euro interbank offered rates) rate plus 3.775% on the E200 million notes. The average rate to be paid was 5.68% on October 31, 2001.

RESTRUCTURING AND INTEGRATION CHARGES

At December 31, 2000, there was $113 million remaining in accrued liabilities relating to restructuring plans announced in 1998, 1999 and 2000. During the first nine months of 2001, we announced the closing of facilities in ASG, AAG and FSG and continued our other restructuring efforts elsewhere. In connection with these efforts, we accrued an additional $17 million for employee termination benefits, $9 million for asset impairments and $12 million for other exit costs. This $38 million of restructuring expense had a $25 million impact on net income.

The following summarizes the restructuring activity recorded in the first nine months of 2001 and the change in the accrual:

	EMPLOYEE TERMINATION BENEFITS	EXIT COSTS	ASSET IMPAIRMENT	TOTAL
	(IN MILLIONS)			
Balance at December 31, 2000............	$ 93	$ 20	$ 0	$113
Activity during the first nine months				
Charged to expense...................	17	12	9	38

Cash payments........................	(31)	(12)		(43)
Write-off of assets..................			(9)	(9)
	----	----	---	----
Balance at September 30, 2001..........	$ 79	$ 20	$ 0	$ 99
	====	====	===	====

At September 30, 2001, $99 million of restructuring charges remained in accrued liabilities. This balance consisted of $79 million related to the termination of employees, including the announced termination of approximately 730 employees scheduled for the remainder of 2001, and $20 million for lease terminations and other exit costs. We estimate the related cash expenditures will be approximately $25 million in the remainder of 2001, $25 million in 2002, $11 million in 2003 and $38 million thereafter.

The following table summarizes the restructuring charges and activity recorded in the last three years and in the nine months ended September 30, 2001:

		IMPAIRMENTS			
	EMPLOYEE TERMINATION BENEFITS	LONG-LIVED ASSETS	INVESTMENTS IN OPERATIONS TO BE SOLD	EXIT COSTS	INTEGRATION EXPENSES
			(IN MILLIONS)		
BALANCE AT DECEMBER 31, 1997........	$ 88	$ 30	$ 62	$ --	$ --
Activity during the year					
Charges to expense................	65	40		13	
Cash payments.....................	(37)			(2)	
Write-off of assets...............		(70)	(62)		
	----	----	----	----	----
BALANCE AT DECEMBER 31, 1998........	116	--	--	11	--
Activity during the year					
Charges to expense................	60	59		11	51
Cash payments.....................	(85)			(9)	(51)
Write-off of assets...............		(59)			
	----	----	----	----	----
BALANCE AT DECEMBER 31, 1999........	91	--	--	13	--
Activity during the year					
Charges to expense................	62	8		27	76
Cash payments.....................	(60)			(20)	(76)
Write-off of assets...............		(8)			
	----	----	----	----	----
BALANCE AT DECEMBER 31, 2000........	93	--	--	20	--
Activity during the first nine months					
Charges to expense................	17	9		12	
Cash payments.....................	(31)			(12)	
Write-off of assets...............		(9)			
	----	----	----	----	----
BALANCE AT SEPTEMBER 30, 2001.......	$ 79	$ --	$ --	$ 20	$ --
	====	====	====	====	====

Employee terminations relating to the restructuring activities were as follows:

	1998	1999	2000	FIRST NINE MONTHS 2001
Total estimated	2,450	1,280	1,020	1,701
Less terminated				
1999	(1,123)	(595)		
2000	(1,230)	(615)	(765)	
2001	(58)	(30)	(248)	(1,054)
BALANCE AT SEPTEMBER 30, 2001	39	40	7	647

BUSINESS

We were 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, 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 OE production, OE service, and aftermarket segments. We have over 430 facilities in 34 countries and employ approximately 72,000 people. For the year ended December 31, 2000, we generated consolidated sales of $12.3 billion and net income of $334 million.

Our seven core product segments, or foundation businesses, focus on axles, driveshafts, brake and chassis products, bearings and sealing products, fluid systems, structures and filtration products. 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 SBUs:

- 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 group has over 120 facilities and employs over 21,000 people in 23 countries. Its three largest customers, Ford, DaimlerChrysler and General Motors, helped it attain sales of $4.6 billion in 2000.

- Automotive Aftermarket Group -- AAG sells hydraulic brake components and

disc brakes for light vehicle applications, internal engine hard parts, chassis products and a complete line of filtration products for a variety of applications. In addition, it sells electrical, brake, power transmission, steering and suspension system components in the United Kingdom and continental Europe. AAG has over 120 facilities and over 19,000 people in 26 countries. In 2000, its sales were $2.9 billion and its three largest customers were Genuine Parts Company, General Parts, Inc. and Parts Plus.

- 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. It also assembles modules and systems for heavy trucks. The group has 20 facilities and over 4,000 people in eight countries. In 2000, this group recorded sales of $1.6 billion, and its three largest customers were Renault V.I./Mack Trucks, Inc., PACCAR Inc and Navistar International Corporation.

- Engine and Fluid Management Group -- Newly formed 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. The group has over 120 facilities and over 20,000 people in 17 countries. EFMG was formed by combining the former ESG, which had sales of $1.3 billion in 2000, and FSG, which had sales of $1.2 billion in 2000. Segment information for EFMG will be restated for comparative purposes in our 2001 annual report. Its three largest customers are Ford, DaimlerChrysler and General Motors.

- Off-Highway Systems Group -- OHSG produces axles and brakes, transaxles, power-shift transmissions, torque converters and electronic controls. These products serve the construction, agriculture, mining, specialty chassis, outdoor power, material handling, forestry and leisure/utility equipment markets. OHSG has 13 facilities and over 3,000 people in seven countries. Its 2000 sales were nearly $700 million and Deere & Company, Textron Inc., and Manitou S.A. were its three largest customers.

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 $2.5 billion at the end of 2000, DCC and its subsidiaries provide leasing and financing services to selected markets primarily in the U.S., Canada, the United Kingdom and continental Europe. On October 17, 2001, we announced plans to pursue the sale of the businesses of DCC.

OUR COMPETITIVE STRENGTHS

Our key competitive strengths include the following:

Strong Market Positions. We are one of the world's largest independent suppliers of components, modules and systems for light, medium and heavy duty vehicle manufacturers and the related aftermarkets. Our products, which are focused on under-the-vehicle and under-the-hood applications, are used in SUVs and other light vehicles by automotive customers such as Ford, DaimlerChrysler, and General Motors; in medium and heavy commercial vehicles by customers such as Renault/Mack Trucks, PACCAR, and Navistar; and in a variety of off-highway vehicles and equipment by customers such as Deere, Textron, and Manitou. We supply service and replacement parts to these markets through OE service organizations and independent aftermarket channels.

Global Presence. We have more than 270 manufacturing facilities, 90 distribution facilities, and 65 research centers, service branches and offices which are located in 34 countries around the world. We maintain administrative organizations in North America, Europe, South America and Asia/Pacific which support the SBUs. In 2000, non-U.S. sales represented 31% of our total consolidated sales. Our global presence gives us proximity to our customers and enables us to provide marketing and manufacturing support, meet just-in-time delivery requirements, and provide engineering solutions around the clock through our Virtual Time Engineering(TM) program.

Recognized Brand Names. We believe that our OE and aftermarket customers alike recognize our branded products for quality and reliability. Among our most significant trademarked products are:

- Spicer(R) axles, transaxles, driveshafts, steering shafts, and universal joints;

- Victor Reinz(R) gaskets;

- Boston(R) and Everflex(R) hose;

- Weatherhead(R) hose and fittings;

- Wix(R) filters;

- Perfect Circle(R) piston rings and cylinder liners;

- FTE(R) clutch and brake actuation systems; and

- Glacier Vandervell(TM) bearings.

Innovative, Value-Added Products. Since our founder Clarence Spicer designed the first automotive universal joint, we have been dedicated to the rapid development of new, value-added products. By continually broadening and enhancing our product offerings, we are able to attract new customers and to strengthen and expand our existing customer relationships. Recent new products include temperature-responsive cooling systems with electronic sensors, fluid steering systems with electronic interfaces, innovative materials that make components both lighter and stronger, and new traction control products that improve on-demand, all-wheel drive performance for vehicles, such as our TXT(TM) torque-management differential. We are also engaged in fuel cell engineering for alternate-energy systems.

OUR BUSINESS 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. 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 customers' production estimates, to add approximately $5.9 billion in total revenues from 2001 through 2005. We are encouraged by the new awards, especially since these sales amounts include business not only with our traditional North American 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. For example, rather than investing in single-purpose facilities in emerging markets, we are working to develop operations that manufacture a broader range of like products for multiple vehicular market segments. Strategic alliances have also helped to provide technical capability, while limiting our investment requirements. On the operational side, we are focused on reducing working capital, managing for cash and reducing waste.

Evaluate Strategic Alliances, Joint Ventures and Selected 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(TM) marketing program with Eaton, 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, to strengthen our portfolio of advanced axle technologies; Motorola, to integrate its electronic expertise into the development of advanced technology for traditionally mechanical components; and Buhler, 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.

We also evaluate potential acquisition candidates that have product platforms complementary to our foundation businesses, strong operating potential and strong existing management teams. 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. We also evaluate our current businesses that we may characterize as non-core and which we may choose to divest.

PRODUCTS, PATENTS AND TRADEMARKS

The following table presents our sales in 2000 by foundation business, net of intercompany sales:

FOUNDATION BUSINESS	AMOUNT OF SALES	PERCENTAGE OF CONSOLIDATED SALES
	(IN MILLIONS)	

Axles	$ 4,023	33%
Driveshafts	1,151	9
Brake & chassis products	1,100	9
Fluid systems	956	8
Bearings and sealing products	845	7
Structures	811	7
Filtration products	594	5
Other	2,837	22
	$12,317	100%

We do not consider our leasing service revenue to be sales.

Throughout these product lines, we manufacture and sell our products under a number of patents which have been obtained over a period of years and expire at various times. We consider each of them to be of value and aggressively protect our rights throughout the world against infringement. Because we are involved with many product lines, the loss or expiration of any particular patent would not materially affect our sales and profits.

We own or have licensed numerous trademarks which are registered in many countries, enabling us to market our products worldwide. Our Spicer(R) (axles, transaxles, driveshafts, steering shafts and universal joints), Victor Reinz(R) (gaskets), Boston(R) (hose), Everflex(R) (hose), Weatherhead(R) (hose and fittings), Wix(R) (filters), Perfect Circle(R) (piston rings and cylinder liners), FTE(R) (clutch and brake actuation systems), and Glacier Vandervell(TM) (bearings) trademarks, among others, are widely recognized in their respective industries.

RESEARCH AND DEVELOPMENT

Our objective is to offer superior quality, technologically advanced products and systems to our customers at competitive prices. To this end, we engage in ongoing engineering, research and development activities to improve the reliability, performance and cost-effectiveness of existing products and to design and develop new products for existing and new applications. Our spending on engineering, research and development and quality control programs was $275 million in 1998, $290 million in 1999 and $287 million in 2000. Research and development activities are concentrated in specialized research and development centers located around the world. Many of our research and development activities are performed on a collaborative basis with our OE customers.

CUSTOMERS

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 presented us with supplier quality awards. Ford and DaimlerChrysler were the only individual customers accounting for more than 10% of our consolidated sales in 2000. We have been supplying products to these companies and their subsidiaries for many years. In 1998, 1999 and 2000, sales to Ford, as a percentage of total sales, were 15%, 16% and 19%, respectively, and sales to DaimlerChrysler were 13%, 14% and 14%, respectively.

GEOGRAPHICAL AREAS

We maintain administrative organizations in four regions -- North America, Europe, South America and Asia/Pacific -- to facilitate financial and statutory reporting and tax compliance on a worldwide basis and to support the 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	Poland	Argentina	Australia
Mexico	Belgium	Russia	Brazil	China
United States	France	Slovakia	Colombia	Indonesia
	Germany	Spain	South Africa	Japan
	Hungary	Sweden	Uruguay	Singapore
	India	Switzerland	Venezuela	South Korea
	Ireland	Turkey		Taiwan
	Italy	United Kingdom		Thailand
	Netherlands			

Our non-U.S. subsidiaries and affiliates manufacture and sell a number of products similar to those produced in the U.S. Consolidated non-U.S. sales were $3.8 billion, or 31% of our 2000 sales. Including U.S. exports of $832 million, non-U.S. sales accounted for 37% of 2000 consolidated sales. Non-U.S. net income was $117 million, or 35% of consolidated 2000 net income. In addition, there was $32 million of equity in earnings of non-U.S. affiliates in 2000.

PROPERTIES

As shown in the following table, at December 31, 2000, we had more than 450 manufacturing, distribution and service branch or office facilities worldwide. We own the majority of our manufacturing and larger distribution facilities. We lease certain manufacturing facilities and most of our smaller distribution outlets and financial service branches and offices.

FACILITIES BY GEOGRAPHIC REGION
(AS OF DECEMBER 31, 2000)

TYPE OF FACILITY	NORTH AMERICA	EUROPE	SOUTH AMERICA	ASIA/ PACIFIC	TOT
Manufacturing	166	70	39	11	28
Distribution	42	17	39	3	10
Service branches, offices	51	12	5	4	7
Total	259	99	83	18	45

In addition to over 20 facilities closed in the first nine months of 2001, on October 17 we announced our intention to accelerate the restructuring of our operations and, in connection therewith, are reviewing more than 30 facilities for consolidation or closure.

MATERIAL SOURCE AND SUPPLY

Most raw materials (such as steel) and semi-processed or finished items (such as forgings and castings) are purchased from long-term suppliers located within the geographic regions of our operating units. Generally, these materials are available from numerous qualified sources in quantities sufficient for our needs.

Temporary shortages of a particular material or part occasionally occur, but we do not consider the overall availability of materials to be a significant risk factor for our operations.

SEASONALITY

Our businesses are not highly seasonal. However, sales to our OEM customers are closely related to the production schedules of those manufacturers and historically these schedules have been strongest in the first two quarters of each 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. Our production capacity is adequate to handle current requirements and we regularly review anticipated changes in our product lines to determine when modifications of capacity may be needed.

COMPETITION

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

EMPLOYMENT

Our worldwide employment (including consolidated subsidiaries) is currently approximately 72,000. We believe that our relations with our employees are good.

ENVIRONMENTAL COMPLIANCE

We make capital expenditures in the normal course of business as necessary to ensure that our facilities are in compliance with applicable environmental laws and regulations. The cost of environmental compliance was not a material part of our capital expenditures and did not have a material adverse effect on our earnings or competitive position in 2000. We do not anticipate that future environmental compliance costs will be material.

ACQUISITION AND DIVESTITURE SUMMARY

We completed several divestitures in 2000. The divested operations included

Gresen Hydraulics and portions of our constant velocity joint business in January, most of Warner Electric in February and Commercial Vehicle Cab Systems in March. A number of strategic acquisitions and investments also closed in 2000, including the cardan driveshaft business of GKN plc in January, the automotive axle manufacturing and stamping operations of Invensys plc in July and equity interests in GETRAG, a manufacturer of transmissions, transaxles, axles and other automotive components operating in Europe and North America in November. We also continued integrating AAG warehouse operations obtained as part of the Echlin merger.

In the first quarter of 2001, AAG sold Mr. Gasket, Inc., a wholly-owned subsidiary that distributed performance replacement parts.

In the second quarter of 2001, we divested three operations, including our Marion, Ohio forging facility and the assets of our Dallas, Texas and Washington, Missouri FSG operations.

In the third quarter of 2001, we completed the sale of our Chelsea power take-off business to Parker Hannifin Corporation and the sale of our Glacier industrial polymer bearings businesses to Goodrich Corporation.

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.

We are not currently a party to any of the environmental proceedings involving governmental agencies which the SEC requires companies to report.

MANAGEMENT

The following table sets forth the name, age and position of each of our directors and executive officers. Our directors are elected by the shareholders at our annual meeting and serve until the next annual meeting and the election and qualification of their successors. Certain of our officers are designated in our by-laws to be elected by the Board annually at its first meeting after the annual shareholders meeting and others are appointed by the Board from time to time. The first five 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
William J. Carroll..................	57	President -- Automotive Systems Group

Marvin A. Franklin, III.............	53	President -- Dana International & Global Initia
Edward J. Shultz.....................	57	Chairman and President -- Dana Credit Corporati
Richard L. Clayton..................	41	President -- Commercial Vehicle Systems
Bernard N. Cole.....................	59	President -- Off-Highway Systems Group
Michael L. DeBacker.................	54	Vice President, General Counsel and Secretary
Rodney R. Filcek....................	48	Vice President -- Finance
Charles F. Heine....................	49	President -- Technology Development and Diversi Products
Charles W. Hinde....................	63	Vice President, Chief Accounting Officer and As Treasurer
James M. Laisure....................	49	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
Benjamin F. Bailar..................	67	Director
A. Charles Baillie..................	62	Director
Edmund M. Carpenter.................	60	Director
Eric Clark..........................	67	Director
Glen H. Hiner.......................	67	Director
Marilyn R. Marks....................	49	Director
Richard B. Priory...................	55	Director
Fernando M. Senderos................	51	Director

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

Robert C. Richter has been Vice President and Chief Financial Officer since 1999. 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.

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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.

Edward J. Shultz has been Chairman of Dana Credit Corporation since 1986 and President since 1995. He has been Chairman and Chief Executive Officer of Dana Commercial Credit Corporation (a DCC subsidiary) since 1986.

Richard L. Clayton has been President -- Commercial Vehicle Systems since 1998. He was previously Vice President -- Heavy Truck Components Group, 1997-98; Vice President and General Manager -- Spicer Heavy Axle & Brake Division, 1996-97; and General Manager -- Spicer Clutch Division, 1995-96.

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

Michael L. DeBacker has been Vice President, General Counsel and Secretary since 2001. He was previously Vice President, 1994-2001, and 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; Vice President -- Modules and Systems Group, 1996-99; and Group Vice President -- Heavy Truck Group, 1994-96.

Terry R. McCormack has been President -- Automotive Aftermarket Group since 2000. He was previously President of Wix Worldwide Filtration, 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, 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.

Benjamin F. Bailar has been a director since 1980. He has been Dean and Professor of Administration Emeritus, Jesse H. Jones Graduate School of Administration, Rice University, since 1997, and was Dean and Professor of Administration from 1987-97. He is also a director of Smith International, Inc. and Trico Marine Services, Inc.

A. Charles Baillie has been a director since 1998. He has been Chairman and Chief Executive Officer of The Toronto-Dominion Bank since 1997 and President of Toronto-Dominion since 1995.

Edmund M. Carpenter has been a director since 1991. He has been President and Chief Executive Officer of the Barnes Group (a diversified international company that serves a range of industrial and transportation markets) since 1998. He was previously Senior Managing Director of Clayton, Dubilier & Rice (a private equity firm specializing in management buyouts) from 1996 to 1998. He is also a director of Campbell Soup Company.

Eric Clark has been a director since 1994 and was a member of the Dana Europe Advisory Board from 1991 to 1999. He was Director of BICC plc (a United Kingdom company serving the international market for infrastructure development), 1985-96, and Chairman and Managing Director of BICC Cables Limited, 1986-96.

Glen H. Hiner has been a director since 1993. He has been Chairman and Chief Executive Officer of Owens Corning (a manufacturer of advanced glass and composite materials) since 1992. In October 2000, Owens Corning filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. He is also a director of Prudential Financial Inc. and Kohler Company.

Marilyn R. Marks has been a director since 1994. She was Chairman of the Board of Dorsey Trailers, Inc. (a manufacturer of truck trailers) from 1987 to 2000 and Chief Executive Officer of Dorsey from 1987 to 1999. She was Chairman and Chief Executive Officer of TruckBay.com, Inc. (an internet source for goods and services serving the trucking industry) from December 1999 to December 2000. In December 2000, Dorsey Trailers, Inc. filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. She is also a director of the Eastman Chemical Company.

Richard B. Priory has been a director since 1996. He has been Chairman, President and Chief Executive Officer of Duke Energy Corporation (a supplier of energy and related services) since 1997. He was previously President and Chief Operating Officer of Duke Power Company, from 1994 to 1997. He is also a director of U.S. Airways, Inc. and Duke Fluor Daniel Company.

Fernando M. Senderos has been a director since 2000. He has been Chairman of the Board and Chief Executive Officer of DESC, S.A. de C.V. (a Mexican diversified holding company engaged in the auto parts, chemical, food and real estate businesses) since 1989. He has also been Chairman of the Board of the following wholly-owned subsidiaries of DESC: Unik, S.A. de C.V. (Unik) since 1991, Girsa, S.A. de C.V. since 1989, and Dine, S.A. de C.V. since 1981. He is also a director of Industrias Penoles, S.A. de C.V. (a Mexican natural resources industrial group), Televisa, S.A. de C.V. (a Spanish language entertainment business), Telefonos de Mexico, S.A. de C.V. (a business providing telephone and internet access services throughout Mexico), Kimberly Clark de Mexico, S.A. de C.V. (a manufacturer and distributor of consumer, industrial, and institutional hygiene products), and Alfa, S.A. de C.V. (which, through subsidiaries, operates petrochemical, steel, synthetic fiber, food, auto parts, and telecommunications businesses). Unik owns a majority interest in Spicer S.A. de C.V., a Dana affiliate in Mexico.

DESCRIPTION OF CERTAIN INDEBTEDNESS

SENIOR NOTES

At September 30, 2001, Dana Corporation had issued and there were outstanding notes in aggregate principal amount of $2,092 million, consisting of the following series, collectively (other than the 9% Notes due 2011) referred to as the "Prior Notes":

- 9% Notes due 2011, in aggregate principal amount of $575 million;

- 9% Notes due 2011, in aggregate principal amount of E200 million;

- 6.25% Notes due 2004, in aggregate principal amount of $250 million;

- 6.50% Notes due 2009, in aggregate principal amount of $350 million;

- 6.50% Notes due 2008, in aggregate principal amount of $150 million;

- 7.00% Notes due 2028, in aggregate principal amount of $197 million; and

- 7.00% Notes due 2029, in aggregate principal amount of $375 million.

The Prior Notes were issued pursuant to an indenture dated as of December 15, 1997, between Dana and Citibank, N.A. as Trustee and a First Supplemental Indenture and a Second Supplemental Indenture dated as of March 11, 1998 and February 26, 1999, respectively. This indenture and its supplements are referred to as the "Prior Notes Indenture."

All series of the Prior Notes are unsecured and are ranked pari passu with one another and with all of our other unsecured and unsubordinated indebtedness, including the notes. The Prior Notes do not have the benefit of a sinking fund. We may redeem the Prior Notes pursuant to the Prior Notes Indenture in whole or in part at any time prior to their maturity under a make-whole provision, with 30 days' notice to the holders thereof.

The only significant covenants contained in the Prior Notes Indenture prohibit us from engaging in:

- the incurrence or guarantee of debt secured by real property of value in excess of 2% of our consolidated net tangible assets; and

- certain sale and leaseback transactions of a term longer than three years.

The foregoing summary of the material provisions of the Prior Notes Indenture is qualified in its entirety by reference to all the provisions of the Prior Notes Indenture, which has been filed with the SEC. See "Where You Can Find More Information."

ACCOUNTS RECEIVABLE SECURITIZATION PROGRAM

In March 2001, we established a $400 million accounts receivable securitization program which has a term expiring in 2006. Under the program, we and certain of our subsidiaries either sell or contribute certain 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. At September 30, 2001, DAF had borrowed $320 million under the program and used the proceeds to fund the purchase of accounts receivable. We used the sale proceeds received from DAF to reduce other debt.

We own, directly or indirectly, 100% of the equity interests in DAF. 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 GAAP. 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.

Although we are entitled to any dividends paid by DAF, our agreements with the banks and receivables investors prevent DAF from declaring or making any distributions of assets or cash. The accounts receivable securitization program is subject to certain events of termination, including events of termination

based upon tests with respect to our credit rating and the quality of our receivables.

SHORT-TERM BANK LOANS

As of September 30, 2001, we had an aggregate principal amount of $28 million outstanding under short-term bank loans, pursuant to loan agreements with three banks dated variously from November 2, 2000 through May 24, 2001. These loans matured and were paid in October 2001.

MEDIUM-TERM BANK LOANS

As of September 30, 2001, we had an aggregate principal amount of $210 million outstanding under medium-term bank loans (the Medium-Term Loans), pursuant to loan agreements with nine banks (the Medium-Term Lenders) dated variously from November 18, 1996 through January 23, 1997. $50 million of these loans matured and were paid in October and November of 2001. The remaining $160 million of the Medium-Term Loans matures in January 2002.

The Medium-Term Loans are unsecured and are ranked pari passu with each other and with all of our other unsecured and unsubordinated debt. The outstanding Medium-Term Loans had a weighted average interest rate as of December 7, 2001 of 6.978%.

The Medium-Term Loan agreements subject us and certain of our subsidiaries to certain customary non-financial covenants. In addition, any acquisition of beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Exchange Act) of 20% or more of our common stock by any person(s) may be treated as an event of default under the Medium-Term Loans.

REVOLVING CREDIT FACILITIES

As of September 30, 2001, Dana Corporation had two revolving credit facilities (the Revolver Facilities) with an aggregate maximum borrowing capacity of $1 billion: a 364-day facility maturing on December 20, 2001, and a long-term facility maturing on November 15, 2005 (the long-term facility). Each facility had a maximum borrowing capacity of $500 million, and Citibank, N.A. was the administrative agent, on behalf of itself and 17 other banks (the Revolver Lenders), for both.

On December 19, 2001, we entered into a new 364-day facility (the 364-day facility) with the Revolver Lenders and amended the long-term facility. The 364-day facility has a maximum borrowing capacity of $250 million and a maturity date of December 18, 2002. However, if there is a "Liquidity Event" (that is, if we have not received net cash proceeds of at least $200 million on or before April 1, 2002, from either the sale of assets or the issuance of debt in the capital markets or equity), each participating bank has the option to terminate its commitment on April 30, 2002. In addition, the maximum borrowing capacity of the 364-day facility will be reduced by an amount equal to 50% of any net cash proceeds in excess of $200 million received from our sale of assets or issuance of debt or equity. Neither the borrowing capacity nor the maturity date of the long-term facility were changed. Citibank, N.A. continues to be the administrative agent, on behalf of itself and the other banks, for both facilities.

Advances under the Revolver Facilities may be made as revolving credit advances. The interest rates payable upon advances are based on floating reference rates, either Citibank's base rate or LIBOR, plus a margin based upon our then-current credit ratings.

Our obligations to the lenders under the Revolver Facilities are currently unsecured. However, if a Liquidity Event occurs, there are provisions in both

Facilities that require the granting of security interests in

our inventory and accounts receivable and the issuance of guarantees by certain of our subsidiaries, subject to the restrictions set forth in our other debt facilities.

Both Revolver Facilities require us to maintain financial ratios at fiscal quarter ends of:

- net senior debt to tangible net worth of not more than: 1.70:1 as of December 31, 2001, March 31, 2002 and June 30, 2002; 1.40:1 as of September 30, 2002 and December 31, 2002; and 1.10:1 thereafter;

- EBITDA minus capital expenditures to interest expense of not less than: 1.30:1 as of December 31, 2001 and March 31, 2002; 1.40:1 as of June 30, 2002 and September 30, 2002; and 2.50:1 as of December 31, 2002 and thereafter; and

- net senior debt to EBITDA of not greater than: 5.00:1 as of December 31, 2001; 4.85:1 as of March 31, 2002; 4.70:1 as of June 30, 2002; 3.75:1 as of September 30, 2002; 3:00:1 as of December 31, 2002; and 2.50:1 as of March 31, 2003 and thereafter.

For purposes of these ratios, EBITDA means net income or net loss, plus the sum of (a) interest expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, (e) non-recurring non-cash charges and (f) pre-tax cash restructuring expenses in an amount up to $500 million from October 1, 2001 and before March 31, 2003, minus (x) non-cash non-recurring gains, (y) minority interest in net income of consolidated subsidiaries and (z) equity in earnings of affiliates, in each case as determined in accordance with GAAP. For purposes of these ratios, Dana's investment in DCC is accounted for on the equity method of accounting.

The facilities also subject us and certain of our subsidiaries to various customary non-financial covenants. In addition, any acquisition of beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Exchange Act) of 20% or more of our common stock by any person(s) may be treated as an event of default.

As of December 19, 2001, no amount was outstanding under the new 364-day facility, and $315 million was outstanding under the long-term facility.

DCC OPERATING AGREEMENT

Dana and DCC are parties to an operating agreement (the Operating Agreement) pursuant to which Dana has agreed, so long as any debt of DCC is outstanding, to maintain DCC's fixed charge coverage ratio, debt to capital ratio, ownership and consolidated net worth at certain levels.

DCC MEDIUM-TERM BANK/INSURANCE COMPANY LOANS

As of September 30, 2001, DCC had an aggregate principal amount of $472 million outstanding under medium-term bank loan agreements with seven banks dated variously from February 14, 1996 to November 6, 2000, and medium-term loan agreements with 22 insurance companies dated variously from March 20, 1997, to June 20, 2000 (the DCC Medium-Term Loans).

The DCC Medium-Term Loans mature as follows:

- $30 million in January, 2002;

- $10 million in February, 2002;

- $10 million in March, 2002;

- $8 million in April, 2002;

- $15 million in July, 2002; and

- $399 million from 2003 through 2007.

The DCC Medium-Term Loans are unsecured and are ranked pari passu with each other and with all of DCC's other unsecured and unsubordinated debt. The DCC Medium-Term Loans had a weighted average interest rate as of September 30, 2001 of 6.89%.

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The DCC Medium-Term Loans prohibit any termination or amendment (other than certain permitted amendments) of the Operating Agreement without the consent of the DCC Medium-Term lenders. In addition, if the covenants set forth in the Operating Agreement are not satisfied an event of default may occur under the DCC Medium-Term Loans.

DCC MEDIUM-TERM NOTES

During 1999, DCC established a $500 million Medium-Term Note Program. Notes under this program (DCC Medium-Term Notes) are offered on terms determined at the time of issuance. As of September 30, 2001, the aggregate principal amount outstanding was $500 million, consisting of the following:

- 7.25% Notes due December 16, 2002, in aggregate principal amount of $175 million;

- 7.95% Notes due September 15, 2003, in aggregate principal amount of $5 million;

- LIBOR based floating rate Notes due September 15, 2003, in aggregate principal amount of $20 million;

- LIBOR based floating rate Notes due October 2, 2003, in aggregate principal amount of $25 million; and

- 8.375% Notes due August 15, 2007, in aggregate principal amount of $275 million.

The DCC Medium-Term Notes are unsecured and are ranked pari passu with each other and with all of DCC's other unsecured and unsubordinated indebtedness.

The DCC Medium-Term Notes contain certain customary non-financial covenants and a negative pledge covenant. In addition, if there is a failure to comply with any material provision of the Operating Agreement or the Operating Agreement ceases to be in full force and effect, an event of default under the DCC Medium-Term Notes may occur.

DCC REVOLVING CREDIT FACILITIES

DCC is the borrower under two revolving credit facilities (the DCC Revolver Facilities). The DCC long-term facility has an aggregate maximum borrowing capacity of $250 million, of which Bank of America, N.A. is administrative agent

on behalf of itself and 13 other banks (the DCC 5-Year Revolver Lenders). The DCC 364-day facility has an aggregate maximum borrowing capacity of $213 million, of which Bank of America, N.A. is administrative agent on behalf of itself and 10 other banks (the DCC 364-Day Revolver Lenders). The DCC long-term facility matures on June 28, 2004 and the DCC 364-day facility matures on June 25, 2002.

Interest rates payable upon advances under each facility are based upon floating reference rates, plus a margin based in part upon DCC's then-current credit rating.

Advances under the DCC 364-day facility and the DCC long-term facility may be made as revolving credit advances (either as base rate advances or LIBOR based advances) or as competitive bid advances (either as fixed rate advances or LIBOR based advances).

Obligations to the DCC 5-year Revolver Lenders and the DCC 364-Day Revolver Lenders are unsecured and are ranked pari passu with each other and with all of DCC's other unsecured and unsubordinated indebtedness.

As of September 30, 2001, approximately $80 million was outstanding under the DCC 364-day facility and the weighted average interest rate was 4.14%.

As of September 30, 2001, approximately $239 million was outstanding under the DCC long-term facility and the weighted average interest rate was 4.04%.

The DCC Revolver Facilities contain certain customary non-financial covenants, require DCC to maintain the same financial covenants as are set forth in the Operating Agreement, and prohibit the

termination or amendment (other than certain permitted amendments) of the Operating Agreement without the consent of the lenders. In addition, any acquisition of beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Exchange Act) of 20% or more of Dana's common stock by any person(s) may be treated as an event of default. The DCC 364-day facility also prohibits dividend payments and certain other distributions with respect to DCC's capital stock by DCC without the lenders' consent.

EXCHANGE OFFER

REASONS FOR THE EXCHANGE OFFER

Dana and the initial purchasers entered into a registration rights agreement in connection with the issuance of the outstanding notes. The registration rights agreement provides that we will take the following actions at our expense, for the benefit of the holders of the notes:

- we will file the exchange offer registration statement, of which this prospectus is a part. The exchange notes will have terms substantially identical in all material respects to the outstanding notes except that the exchange notes will not contain transfer restrictions;

- we will cause the exchange offer registration statement to be declared effective under the Securities Act by May 8, 2002; and

- we will keep the exchange offer open for at least 20 business days, or

longer if required by applicable law, after the date on which notice of the exchange offer is mailed to the holders.

The holder of each outstanding note surrendered in the exchange offer will receive an exchange note having a principal amount equal to that of the surrendered note. Interest on each exchange note will accrue from the later of (1) the last interest payment date on which interest was paid on the outstanding note surrendered or (2) if no interest has been paid on the outstanding note, from August 8, 2001.

If:

- we determine that because of any change in law or in applicable interpretations of the law by the staff of the SEC, we are not permitted to effect an exchange offer;

- the exchange offer is not consummated by May 8, 2002; or

- the exchange offer has been completed and in the reasonable opinion of counsel for the initial purchasers a resale registration statement must be filed and a prospectus must be delivered by the initial purchasers in connection with any offering or sale of registrable securities,

then we will file as promptly as practicable, but in no event more than 20 days after so required or requested but not earlier than 90 days after the date of issuance of the exchange notes, with the SEC, a shelf registration statement to cover resales of transfer restricted securities by those holders who satisfy various conditions relating to the provision of information in connection with the shelf registration statement.

TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all outstanding notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer. We will issue (a) $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of outstanding notes accepted in the exchange offer and (b) E1,000 principal amount of exchange notes in exchange for each E1,000 principal amount of outstanding notes accepted in the exchange offer. Any holder may tender some or all of its outstanding notes pursuant to the exchange offer. However, outstanding notes may be tendered only in integral multiples of $1,000 or E1,000, as the case may be.

The form and terms of the exchange notes will be the same as the form and terms of the outstanding notes except that:

(1) the exchange notes will have been registered under the Securities Act and hence will not bear legends restricting their transfer; and

(2) the holders of the exchange notes will not be entitled to certain rights under the registration rights agreement, including the provisions providing for an increase in the interest rate on the outstanding notes in certain circumstances relating to the timing of the exchange offer, all of which rights will terminate when the exchange offer is terminated.

The exchange notes will evidence the same debt as the outstanding notes and will be entitled to the benefits of the indenture.

The exchange offer is not conditioned on any minimum aggregate principal amount of outstanding notes being tendered for exchange.

As of the date of this prospectus, $575 million and E200 million aggregate principal amount of the outstanding notes were outstanding. We have fixed the close of business on , 2002 as the record date for the exchange offer for purposes of determining the persons to whom this prospectus and the letter of transmittal will be mailed initially.

Holders of outstanding notes do not have any appraisal or dissenters' rights under the Virginia Stock Corporation Act or the indenture in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC.

We will be deemed to have accepted validly tendered outstanding notes when, as and if we have given oral or written notice of our acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the exchange notes from us.

If any tendered outstanding notes are not accepted for exchange because of an invalid tender, the occurrence of specified other events set forth in this prospectus or otherwise, the certificates for such unaccepted outstanding notes will be returned, without expense, to the tendering holder as promptly as practicable after the expiration date of the exchange offer.

Holders who tender outstanding notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of outstanding notes pursuant to the exchange offer. We will pay all charges and expenses, other than transfer taxes in certain circumstances, in connection with the exchange offer. See "-- Fees and Expenses" and "-- Transfer Taxes."

EXPIRATION DATE; EXTENSIONS; AMENDMENTS

The term "expiration date" will mean 5:00 p.m., New York City time, on , 2002, unless we, in our sole discretion, extend the exchange offer, in which case the term will mean the latest date and time to which the exchange offer is extended.

In order to extend the exchange offer, we will notify the exchange agent orally, confirmed in writing, or in writing, of any extension. We will notify the registered holders of outstanding notes by public announcement of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration of the exchange offer.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we will have no obligation to publish, advertise, or otherwise communicate any public announcement, other than by making a timely release to a financial news service.

INTEREST ON THE EXCHANGE NOTES

The exchange notes will bear interest from their date of issuance. Holders of outstanding notes that are accepted for exchange will receive, in cash, accrued interest thereon to, but not including, the date of issuance of the exchange notes. Such interest will be paid with the first interest payment on the exchange notes on February 15, 2002. Interest on the outstanding notes accepted for exchange will cease to accrue upon issuance of the exchange notes.

Interest on the exchange notes will be payable semi-annually on each February 15 and August 15, commencing on February 15, 2002. For more information regarding the terms of the exchange notes, see "Description of the Notes."

PROCEDURES FOR TENDERING

We have forwarded to you, along with this prospectus, a letter of transmittal relating to the exchange offer. Because all of the outstanding notes are held in book-entry accounts maintained by the exchange agent at DTC, Euroclear or Clearstream, a holder need not submit a letter of transmittal if the holder tenders outstanding notes in accordance with the procedures mandated by DTC's Automated Tender Offer Program (ATOP) or by Euroclear or Clearstream, as the case may be. To tender outstanding notes without submitting a letter of transmittal, the electronic instructions sent to DTC, Euroclear or Clearstream and transmitted to the exchange agent must contain your acknowledgment of receipt of and your agreement to be bound by and to make all of the representations contained in the letter of transmittal. In all other cases, a letter of transmittal must be manually executed and delivered as described in this prospectus.

Only a holder of record may tender outstanding notes in the exchange offer. To tender in the exchange offer, a holder must comply with the procedures of DTC or Euroclear or Clearstream, as applicable, and either:

- complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and deliver the letter of transmittal or facsimile to the exchange agent prior to the expiration date; or

- in lieu of delivering a letter of transmittal, instruct DTC or Euroclear or Clearstream, as the case may be, to transmit on behalf of the holder a computer-generated message to the exchange agent in which the holder of the outstanding notes acknowledges and agrees to be bound by the terms of the letter of transmittal, which computer-generated message must be received by the exchange agent prior to 5:00 p.m., New York City time, on the expiration date.

In addition, either:

- the exchange agent must receive the outstanding notes along with the letter of transmittal; or

- with respect to the outstanding dollar notes, the exchange agent must receive, before expiration of the exchange offer, timely confirmation of book-entry transfer of the outstanding dollar notes into the exchange agent's account at DTC, according to the procedure for book-entry transfer described below; or

- with respect to the outstanding euro notes, the exchange agent must receive, before the expiration date, timely confirmation from Euroclear or Clearstream that the securities account to which the outstanding euro notes are credited has been blocked from and including the day on which the confirmation is delivered to the exchange agent and that no transfers will be effected in relation to such outstanding euro notes at any time after such date; or

- the holder of dollar notes must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the

address set forth below under the caption "-- Exchange Agent" before expiration of the exchange offer. To receive confirmation of valid tender of outstanding notes, a holder should contact the exchange agent at the telephone number listed under the caption "-- Exchange Agent."

The tender by a holder that is not withdrawn before expiration of the exchange offer will constitute an agreement between that holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal. If a holder completing a letter of transmittal tenders less than all of its outstanding notes, the tendering holder should fill in the applicable box of the letter of transmittal. The amount of outstanding notes delivered to the exchange agent will be deemed to have been tendered unless otherwise indicated.

If the outstanding notes, the letter of transmittal or any other required documents are physically delivered to the exchange agent, the method of delivery is at the holder's election and risk. Rather than mail these items, we recommend that holders use an overnight or hand delivery service. In all cases, holders should allow

sufficient time to assure delivery to the exchange agent before expiration of the exchange offer. Holders should not send the letter of transmittal or outstanding notes to us. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for them.

Any beneficial owner whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the owner's behalf. If the beneficial owner wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its outstanding notes, either:

- make appropriate arrangements to register ownership of the outstanding notes in the owner's name; or

- obtain a properly completed bond power from the registered holder of outstanding notes.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

If the applicable letter of transmittal is signed by the record holder(s) of the outstanding notes tendered, the signature must correspond with the name(s) written on the face of the outstanding notes without alteration, enlargement or any change whatsoever. If the applicable letter of transmittal is signed by a participant in DTC or Euroclear or Clearstream, as applicable, the signature must correspond with the name as it appears on the security position listing as the holder of the outstanding notes.

A signature on a letter of transmittal or a notice of withdrawal must be guaranteed by an "eligible institution." Eligible institutions include banks, brokers, dealers, municipal securities dealers, municipal securities brokers, government securities dealers, government securities brokers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations. The signature need not be guaranteed by an eligible institution if the outstanding notes are tendered:

- by a registered holder who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on the

letter of transmittal; or

- for the account of an eligible institution.

If the letter of transmittal is signed by a person other than the registered holder of any outstanding notes, the outstanding notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder's name appears on the outstanding notes and an eligible institution must guarantee the signature on the bond power.

If the letter of transmittal or any outstanding notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless we waive this requirement, they should also submit evidence satisfactory to us of their authority to delivery the letter of transmittal.

We will determine in our sole discretion all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered outstanding notes. Our determination will be final and binding. We reserve the absolute right to reject any outstanding notes not properly tendered or any outstanding notes the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular outstanding notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

Unless waived, any defects or irregularities in connection with tenders of outstanding notes must be cured within the time that we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of outstanding notes, neither we, the exchange agent nor any other person will incur any liability for failure to give notification. Tenders of outstanding notes will not be deemed made until those defects