

Table of Contents**Research and Development**

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

In addition, we engage in ongoing engineering, research and development activities to improve the reliability, performance and cost-effectiveness of our existing products and to design and develop disruptive products for existing and new applications. We are integrating related operations to create a more innovative environment, speed product development, maximize efficiency and improve communication and information sharing among our research and development operations. One example of locations where these efforts are being integrated is our new ASG Technology Center that opened in late 2003. At December 31, 2003, our SBUs had the following number of technical centers: ASG, 20; EFMG, 17 and HVTSG, 4. Our spending on engineering, research and development and quality control programs was \$252 in 2003, \$248 in 2002 and \$260 in 2001.

Employment

Our worldwide employment (including consolidated subsidiaries) was approximately 59,000 at December 31, 2003, including approximately 14,000 associated with our discontinuing operations. This represents a 16% reduction from the number of people reported at the end of 2001, which is attributable to our restructuring activities and divestitures. We expect further reductions in 2004 as we complete the four final facility closures and the planned divestiture of substantially all of our Automotive Aftermarket businesses.

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 2003. We do not anticipate that future environmental compliance costs will be material. You can find more information in "Environmental Compliance and Remediation" under "Note 1. Summary of Significant Accounting Policies" on page 45 and under "Note 18. Commitments and Contingencies" on pages 68 through 71 of this annual report on Form 10-K.

Available Information

We make available free of charge on or through our Internet website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (Exchange Act) as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our Internet address is <http://www.dana.com>.

Executive Officers

The following table contains information about our current executive officers and their positions. All