

Steve Wilson (at left, five years of service) and Troy Husband (14 years of service) track and expedite customer shipments with the help of a satellite-based communication system at the Dana Truck Fleet Command Center in Columbia City, Ind. The system is linked to each of the more than 500 trucks in the Dana fleet, providing two-way communication and the ability to track the status of deliveries across the United States down to the city-block level.



The restructuring and refocusing actions I've outlined are an integral part in our transition to this new business model. To optimize our resources, we're aggressively reducing our fixed asset base and lowering our break-even point (the production volume at which we begin to become profitable). In the near term, these actions will enable us to compete more profitably at lower levels of production. Over the longer term, this approach will help us optimize our performance as our markets recover.

Along with scaling our business to be profitable at lower production volumes, we're also working to combine operations – dissolving organizational boundaries in some cases. For example, we will see growing integration among some of our light axle and driveshaft operations. This will maximize the return on our investment and provide greater cross-functional support to our customers.

The Road Ahead.

Although our new business model was developed in today's challenging circumstances, I believe its greatest benefit lies in the future. This is because the fundamentals of this new model are aligned with our vision of tomorrow's automotive landscape.

In last year's annual report, we introduced *Transformation 2005*, Dana's strategic

roadmap to growth. The rapid pace of change in our industry does not permit us to think of *Transformation 2005* as a distant objective. Our new business model will help ensure that we make daily progress toward these goals.

Technology development will be central to our success, by serving our customers, and ultimately, our shareholders. In order to fully exploit our current

technologies, and quicken our pace of development, we recently appointed Chuck Heine to serve in the role of chief technology officer. Chuck's solid engineering background will serve Dana well as he works to secure longer-term opportunities related to our technologies, and pursue broader applications for our intellectual properties.