

Table of Contents**Results of Operations (2003 versus 2002)**

Our manufacturing operations are organized into market-focused strategic business units. Our SBUs are Automotive Systems Group (ASG), Engine and Fluid Management Group (EFMG), and Heavy Vehicle Technologies and Systems Group (HVTSG). In December 2003, we announced our intention to sell substantially all of our Automotive Aftermarket business unit, which had been reported in prior periods as the Automotive Aftermarket Group (AAG) business segment. We have classified this business as a discontinued operation. The results of the discontinued operations are discussed more fully in a subsequent section. The Clevite engine hard parts aftermarket business that had been a part of the AAG is not a part of the planned aftermarket sale transaction. Clevite obtains a significant portion of the products it sells from EFMG. Accordingly, we have added Clevite to the EFMG. Our segment reporting for all periods has been restated to reflect these changes. After these changes, our segments are ASG, EFMG, HVTSG and Dana Credit Corporation (DCC).

Sales of our continuing operations by region for 2003 and 2002 were as follows:

Geographical Sales Analysis

	Dollar Change Due To						
	2003	2002	Dollar Change	% Change	Currency Effects	Acquisitions/ Divestitures	Organic Change & Other
North America	\$5,473	\$5,516	\$(43)	(1)%	\$ 69	\$ —	\$(112)
Europe	1,455	1,233	222	18%	222	2	(2)
South America	441	361	80	22%	(5)	—	85
Asia Pacific	549	391	158	40%	66	(15)	107
	<u>\$7,918</u>	<u>\$7,501</u>	<u>\$417</u>	<u>6%</u>	<u>\$352</u>	<u>\$(13)</u>	<u>\$ 78</u>

The strengthening of certain international currencies against the U.S. dollar played a significant role in increasing our sales in 2003. In North America, the stronger Canadian dollar was the primary factor. In Europe, the euro and the British pound strengthened, while in Asia Pacific the increase was led by the Australian dollar.

Overall light vehicle production in North America declined from 16.4 million vehicles in 2002 to 15.9 million vehicles in 2003. This 3% reduction in light duty production was the primary factor in the year-over-year organic decline in our North American sales (organic change being the residual change after excluding the effects of acquisitions, divestitures and currency movements). The Class 8 commercial vehicle market in North America also experienced a slight drop in production — 176,000 units in 2003 versus 181,000 units in 2002. Lower sales due to these declines in production levels were partially offset by higher sales from net new business gains in each of our manufacturing SBUs.

Elsewhere in the world, overall light vehicle production demands in Europe and South America were comparable in 2002 and 2003, while 2003 production in the Asia Pacific region was higher. The organic sales growth in South America and Asia Pacific relates primarily to net new business gains in the light vehicle market by ASG.