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The above description reflects our SBU structure at the end of 2003. Several changes were made to the SBUs during 2003, the most significant of which relate to the planned divestiture of substantially all of the AAG. Due to this announcement, the AAG is no longer reported as a business segment in our Business Segment footnote table.

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 Core Businesses. We believe that our core businesses are the key to the long-term profitable growth of our company. These core businesses focus on the development, design and manufacture of our core products: axles, driveshafts, structures, fluid systems and bearing and sealing products. These businesses have leading market positions and brand equity and provide our customers with value-added solutions and products.

Our OE customers continue to target improved asset utilization, speed to market, lower cost, lower investment risk, and greater flexibility and to 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 project net new business, based on our review of our customers' production estimates, will add more than \$400 to our sales revenue in 2004. The new business is not only with our traditional U.S.-based OE customers, but also with OEs such as BMW, Isuzu, Nissan and Toyota.

Focus on Capital and Operating Efficiency. In 2003, we continued to focus on opportunities to optimize our resources and reduce manufacturing costs and undertook initiatives to maximize our return on invested capital and to improve cash flow. One example of this improved efficiency is the integration of our formerly separate global light axle and driveshaft divisional headquarters and engineering operations into the new Automotive Systems Group Technology Center, located in Maumee, Ohio. This center has enabled us to better leverage the combined manufacturing, engineering and support capabilities of these units, fostering technology sharing, accelerating the development of world-class driveline systems and modules, and helping Dana respond more quickly and effectively to marketplace demands. On the operational side, we continued our efforts to outsource non-core manufacturing activity, as evidenced by the transfer of more than \$140 annually in non-strategic axle component manufacturing to our Mexican partner, Spicer S.A. Additionally, we continued our efforts to reduce working capital and manage for cash.

Evaluate Strategic Alliances, Joint Ventures and Selected Divestiture and Acquisition Opportunities. Among the keys to our business plan 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 a number of strategic alliances and joint ventures, including our RoadrangerTM marketing program with Eaton Corporation and programs with GETRAG Cie, to strengthen our portfolio of advanced axle technologies; Chassis Systems Limited, a joint venture with GKN to supply vehicular frames to Land Rover and a joint venture with Emerson Electric Co. to develop and produce a series of actuator products and related components for the global electric steering market.