Dear Fellow Shareholders,

The year 2001 is one many of us in the automotive industry might prefer to forget.

We faced broad economic woes, deteriorating markets, and erratic customer production levels. Many of these challenges were particularly frustrating because they were beyond our direct control. And, largely as a result of these conditions, our financial performance was also disappointing.

And yet, I firmly believe we will look back on 2001 as one of the most important years in the transformation of the Dana Corporation.

Within these challenges, we found opportunity. Rather than simply enduring these conditions and hoping to prosper when our markets recovered, we took historic actions to reposition our company:

Joseph M. Magliochetti
Chairman and Chief Executive Officer
(35 years of service)

- We initiated a restructuring of our operations aimed at optimizing our resources, improving our capital efficiency, strengthening our balance sheet, and facilitating sustainable, long-term value for our investors;
- We continued to streamline our organization, sharpening the focus on our core operations by divesting non-strategic assets accounting for more than $235 million in proceeds;
- We announced plans to sell our Dana Commercial Credit operations;
- We introduced a new business model that will enable us to reduce our fixed asset base and lower our break-even point, providing more flexibility to maximize our performance as the industry recovers;
- We secured new business that increased the projected value of our future new business to approximately $6 billion in combined sales from 2002 through 2006; and
- We accelerated our innovation and technology growth with strong patent activity and continued development of customer-focused technologies.

The result of these actions, I believe, will be a stronger, more competitive company better equipped to prevail in difficult times. At the same time, we will be positioned to benefit to an even greater extent from the inevitable upturn in our markets.

In the coming pages, I will review the economic and market-related challenges we have confronted, the aggressive actions we are taking, and the achievements that point to a bright future for Dana.

Disappointing Performance.

Clearly, our financial results were not consistent with our historical performance, or our expectations for the year.

Sales of $10.3 billion, a 17-percent decline from our 2000 results, reflected challenging conditions as customer inventories were reduced and not replenished by