

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-07-28** | Period of Report: **1995-06-30**
SEC Accession No. **0000950152-95-001610**

([HTML Version](#) on secdatabase.com)

FILER

DANA CORP

CIK: **26780** | IRS No.: **344361040** | State of Incorp.: **VA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-01063** | Film No.: **95556996**
SIC: **3714** Motor vehicle parts & accessories

Mailing Address
*PO BOX 1000
TOLEDO OH 43697*

Business Address
*4500 DORR ST
TOLEDO OH 43697
4195354500*

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
Of the Securities Exchange Act of 1934

- - - - -
| / |
| \ |
- - - - -

For the Quarterly Period Ended June 30, 1995 Commission
File Number 1-1063

Dana Corporation

(Exact Name of Registrant as Specified in its Charter)

Virginia

34-4361040

(State or other jurisdiction
of incorporation or organization)

(IRS Employer
Identification Number)

4500 Dorr Street, Toledo, Ohio

43615

(Address of Principal Executive Offices)

(Zip Code)

(419) 535-4500

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes
of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 1995
Common stock of \$1 par value	101,275,874

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES
INDEX

<TABLE>
<CAPTION>

Page Number

<S>
Cover

<C>

1

Index

2

Part I. Financial Information

Item 1.	Financial Statements	
	Condensed Balance Sheet	
	December 31, 1994 and	
	June 30, 1995	3
	Statement of Income	
	Three Months and Six Months Ended	
	June 30, 1994 and 1995	4
	Condensed Statement of Cash Flows	
	Six Months Ended	
	June 30, 1994 and 1995	5
	Notes to Condensed Financial Statements	6
Item 2.	Management's Discussion and Analysis	
	of Financial Condition and Results	
	of Operations	7 - 12

Part II.	Other Information	
Item 1.	Legal Proceedings	13 - 14
Item 6.	Exhibits and Reports on Form 8-K	15
Signatures		16
Exhibit Index		17

PART I. FINANCIAL INFORMATION

ITEM 1. DANA CORPORATION
 CONDENSED BALANCE SHEET (Unaudited)
 (in Millions)

Assets	December 31, 1994	June 30, 1995
-----	-----	-----
Cash and Cash Equivalents	\$ 112.2	\$ 77.7
Accounts Receivable, Less Allowance for Doubtful Accounts	960.4	1,162.0
Inventories		
Raw Materials	186.4	202.9
Work in Process and Finished Goods	553.8	613.5
Lease Financing	931.0	945.3
Investments and Other Assets	793.2	791.7
Deferred Income Tax Benefits	226.6	235.8
Property, Plant and Equipment	2,797.0	3,072.4
Less - Accumulated Depreciation	(1,449.8)	(1,594.1)
	-----	-----
Total Assets	\$ 5,110.8	\$ 5,507.2
	=====	=====

Liabilities and Shareholders' Equity

Short-Term Debt	\$ 583.1	\$ 691.5
Accounts Payable	390.2	421.4
Other Liabilities	749.1	774.2
Deferred Employee Benefits	1,109.9	1,121.5
Long-Term Debt	1,186.5	1,294.5
Minority Interest	152.2	157.2
Shareholders' Equity	939.8	1,046.9
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 5,110.8	\$ 5,507.2
	=====	=====

</TABLE>

3

4

ITEM 1. (Continued)

DANA CORPORATION

STATEMENT OF INCOME (Unaudited)

(in Millions Except Per Share Amounts)

<TABLE>

<CAPTION>

	Three Months Ended June 30		Six Months Ended June 30	
	1994	1995	1994	1995
	----	----	----	----
<S>	<C>	<C>	<C>	<C>
Net Sales	\$1,712.6	\$1,968.8	\$3,309.3	\$3,893.2
Revenue from Lease Financing and Other Income	37.5	46.4	71.3	90.9
Foreign Currency Adjustments	(15.8)	.6	(23.5)	3.7
	-----	-----	-----	-----
	1,734.3	2,015.8	3,357.1	3,987.8
	-----	-----	-----	-----
Cost of Sales	1,431.8	1,654.2	2,794.7	3,288.4
Selling, General and Administrative Expenses	161.3	173.1	306.9	336.0
Interest Expense	26.7	36.0	54.7	69.1
	-----	-----	-----	-----
	1,619.8	1,863.3	3,156.3	3,693.5
	-----	-----	-----	-----
Income Before Income Taxes	114.5	152.5	200.8	294.3
Estimated Taxes on Income	46.4	58.0	86.5	116.5
	-----	-----	-----	-----
Income Before Minority Interest and Equity in Net Earnings (Loss) of Affiliates	68.1	94.5	114.3	177.8
Minority Interest	(7.3)	(11.0)	(10.5)	(20.4)
Equity in Net Earnings (Loss) of Affiliate	7.2	5.6	11.9	(9.1)
	-----	-----	-----	-----
Net Income	\$ 68.0	\$ 89.1	\$ 115.7	\$ 148.3
	=====	=====	=====	=====
Net Income Per Common Share	\$.69	\$.88	1.17	\$ 1.47
	=====	=====	=====	=====
Dividends Declared and Paid Per Common Share	\$.21	\$.23	.41	\$.44
	=====	=====	=====	=====
Average Number of Shares Outstanding	98.6	101.2	98.6	101.2

</TABLE>

ITEM 1. (Continued)

DANA CORPORATION
 CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
 (in Millions)

<TABLE>

<CAPTION>

	Six Months Ended June 30	
	1994	1995
	-----	-----
<S>	<C>	<C>
Net Income	\$ 115.7	\$ 148.3
Depreciation and Amortization	102.1	114.9
Net Change in Receivables, Inventory and Payables	(99.3)	(212.3)
Other	25.1	27.9
	-----	-----
Net Cash Flows from Operating Activities	143.6	78.8
	-----	-----
Purchases of Property, Plant and Equipment	(128.1)	(168.2)
Purchases of Assets to be Leased	(129.1)	(168.8)
Payments Received on Leases and Loans	106.8	124.6
Purchase of Minority Interest of Subsidiary		(92.4)
Proceeds from Sales of Leased Assets	16.7	42.1
Other	(2.7)	(7.1)
	-----	-----
Net Cash Flows-Investing Activities	(136.4)	(269.8)
	-----	-----
Net Change in Short-Term Debt	161.1	104.5
Proceeds from Long-Term Debt	135.7	270.3
Payments on Long-Term Debt	(261.7)	(175.5)
Dividends Paid	(40.4)	(44.5)
Other	4.5	1.7
	-----	-----
Net Cash Flows-Financing Activities	(.8)	156.5
	-----	-----
Net Change in Cash and Cash Equivalents	\$ 6.4	\$ (34.5)
Cash and Cash Equivalents-beginning of year	77.6	112.2
	-----	-----
Cash and Cash Equivalents-end of period	\$ 84.0	77.7
	-----	-----

</TABLE>

ITEM 1 (Continued)

NOTES TO CONDENSED FINANCIAL STATEMENTS
 (in Millions Except Per Share Amounts)

1. In the opinion of management, all normal recurring adjustments necessary to a fair presentation of the results for the unaudited interim periods have been included.
2. In accordance with generally accepted accounting principles, Dana's wholly-owned financial subsidiary, Diamond Financial Holdings, Inc. (DFHI), is included in the consolidated financial statements. The following is a recap of the revenue, net income, total assets, total liabilities and shareholder's equity of this subsidiary (unaudited):

DIAMOND FINANCIAL HOLDINGS, INC.

<TABLE>
<CAPTION>

<S>	Three Months Ended June 30		Six Months Ended June 30	
	1994	1995	1994	1995
	----	----	----	----
	<C>	<C>	<C>	<C>
Revenue	\$ 44.1	\$ 53.0	\$ 86.0	\$ 103.8
Net Income	4.3	6.4	8.1	11.3

</TABLE>

<TABLE>

<S>	December 31, 1994	June 30, 1995
	<C>	<C>
	Total Assets	\$ 1,387.5
Total Liabilities	1,295.5	1,260.6
	=====	=====
Shareholder's Equity	\$ 92.0	\$ 99.7
	=====	=====

</TABLE>

3. In the first quarter of 1995, Dana acquired Plumley Companies, Inc. (Plumley), a manufacturer of rubber and silicone sealing products, primarily for automotive applications. Plumley is being accounted for as a pooling of interests. Prior years' financial statements have not been restated since the amounts are not material to the consolidated financial statements.
4. In the first quarter of 1995, Dana recorded a non-operating charge of approximately \$18 (\$.17 per share) for its proportionate share of translation losses incurred by its Mexican affiliate, Spicer S.A. de C.V., due to the devaluation of the Mexican peso.
5. In the first quarter of 1995, Dana made a tender offer for all of the outstanding shares of Hayes-Dana Inc. that it did not own. At June 30, 1995, Dana had increased its ownership in Hayes-Dana from 57 percent to 100 percent.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

(in Millions)

Capital expenditures for property, plant and equipment were \$168 for the first six months of 1995, compared to \$128 for the first six months of 1994;

however, capital expenditures for all of 1995 are currently projected to be approximately the same as 1994's expenditures of \$337.

Dana Corporation and its consolidated subsidiaries' (Dana) 1995 debt as of June 30, totaled \$1,986, an increase of \$216 from year end 1994. This increase is primarily due to the higher level of capital expenditures, the purchase of the minorities' shares of Hayes-Dana, and the working capital requirements resulting from strong sales growth. Dana, excluding Diamond Financial Holdings, Inc. (DFHI) and Dana Credit Corporation (DCC), finances its short-term debt through the issuance of commercial paper and bank borrowings. To fund its working capital requirements, Dana (excluding DFHI and DCC) has \$370 in committed credit facilities available to back up the issuance of commercial paper obligations and \$959 in uncommitted lines with banks for bank borrowings. At June 30, 1995, Dana (excluding DFHI and DCC) had domestic and international short-term borrowings of \$309, as compared to \$261 at December 31, 1994. DFHI obtains its short-term funds through bank borrowings. As of June 30, 1995, DFHI's bank lines totaled \$120, all of which was then outstanding. DCC finances its short-term U.S. and international debt requirements through the issuance of commercial paper and bank direct borrowings. DCC had committed credit facilities for commercial paper issuance in the amount of \$250, committed bank lines of \$19, and uncommitted bank lines of \$389. Against these credit lines, DCC had borrowed \$262 at June 30, 1995, compared to \$177 at December 31, 1994. Dana's consolidated long-term debt increased to \$1,295 at June 30, 1995, from \$1,187 at December 31, 1994. This increase includes the effect of ongoing debt and interest rate management which involves the periodic replacement of short-term debt with long-term debt. Dana's (excluding DFHI and DCC) long-term debt position at June 30, 1995 was \$701, up from \$542 at year end 1994. DCC's long-term debt at the end of the first six months of 1995 was \$594 as compared to \$640 at December 31, 1994.

In the normal course of business, management identifies operations which are non-strategic and under-performing. Action plans are then developed for the downsizing, consolidation or closure of these operations. Upon approval of these plans, estimated costs of implementation (including employee benefits and other expenses incidental to the actions) are charged to cost of sales. The Company had remaining accrued liabilities of \$16 at June 30, 1995, compared to \$26 as of December 31, 1994. Of the \$16 liability accrued at June 30, 1995, it is anticipated \$11 will be paid in 1995 and \$5 in 1996. Dana expects that operations over the long term will benefit from these realignment actions.

Dana's management and legal counsel have reviewed the legal proceedings to which the Company and its subsidiaries were parties as of June 30, 1995 (including, among others, those involving product liability claims and alleged violations of environmental laws) and concluded that neither the liabilities that may result from these legal proceedings nor the timing of the cash flows for these liabilities are likely to have a material adverse effect on its liquidity, financial condition or results of operations. The Company estimates its contingent environmental and product liabilities based upon the most probable method of remediation or outcome considering currently enacted laws and regulations and existing technology. Measurement of liabilities is made on an undiscounted basis and excludes the effects of inflation and other societal and economic factors. In those cases where there is a range of equally probable remediation

ITEM 2. Liquidity and Capital Resources (continued)

(in Millions)

methods or outcomes, the Company accrues at the lower end of the range, which at June 30, 1995, was \$67 for product liability costs (products) and \$51 for environmental liability costs (environmental), compared to \$77 for products and \$48 for environmental at December 31, 1994. The difference between minimum and maximum contingent liabilities, while not considered material, was \$11 for products and \$6 for environmental at June 30, 1995 compared to \$11 for products and \$5 for environmental at December 31, 1994. Probable recoveries of \$47 for products and \$10 for environmental from insurance or third parties have been recorded as assets at June 30, 1995, compared to \$61 for products and \$6 for environmental at December 31, 1994.

The Company is also a defendant in a lawsuit, described in Part II, Item 1 of this report, brought by the Department of Justice alleging that a former operation, which was a subsidiary of a company purchased by Dana in January 1985, had overcharged the U.S. government on contracts or subcontracts awarded during the late 1970s and the 1980s. The complaint, amended in July 1995, includes claims for statutory civil penalties and for damages in an unspecified amount. The government has indicated that the damages are approximately \$25, some of which may be subject to doubling or trebling or, in the alternate, to the accrual of interest. The Company is continuing to defend this case vigorously and to engage in settlement negotiations with the government. Dana believes that it will be able to resolve this litigation for an amount substantially less than the potential double or treble damages and therefore does not anticipate that the outcome of this lawsuit will have a material adverse effect on its liquidity, financial condition or results of operations.

Dana anticipates that net cash flows from operating activities, along with currently available financing sources, will be sufficient to meet the Company's funding requirements for 1995.

8

9

ITEM 2. (Continued)

Results of Operations (Second Quarter 1995 vs Second Quarter 1994)

(in Millions)

Dana's second quarter sales were \$1,969, an increase of 15% over 1994's second quarter of \$1,713. Factors influencing Dana's growth included continued strong demand for the Company's highway vehicle original equipment products in the U.S., strength in the worldwide construction equipment markets, improving international markets and effects of recent acquisitions. These acquisitions and the effect of fully consolidating an affiliate, previously accounted for on an equity basis, contributed \$80 to the sales increase, \$32 in the U.S. and \$48 internationally. Dana's mix of original equipment and aftermarket sales, international presence and prominence in truck components have helped sustain the Company's growth even while passenger car sales in the U.S. have softened.

Dana's second quarter 1995 sales to U.S. light truck manufacturers were up more than 18% over 1994's second quarter as a result of the ongoing popularity of light trucks and sport utility vehicles. The Company's U.S. medium and heavy truck OE sales each increased 14% in the second quarter 1995 over the same period in 1994. Dana sales to the worldwide highway vehicle market, both U.S. and international, were up 20% this quarter over the 1994 quarter. The Company's second quarter sales to the mobile off-highway OE market increased 26% in 1995 over 1994, reflecting strength in the construction and agricultural machinery markets worldwide as well as the impact of a European acquisition. Dana's industrial OE component sales increased 6% on a worldwide basis, comprised of a 6% increase in the U.S. and 5% internationally. The Company's overall distribution sales grew 5% in the second quarter of 1995 over the same period of 1994 in part due to acquisitions and increases in international aftermarket operations, with automotive distribution increasing 3%, truck parts 8% and mobile off-highway/industrial 7%.

Dana's U.S. sales increased 11% while international sales increased 26% in the second quarter 1995 versus second quarter 1994. On a regional basis, the Company's second quarter 1995 sales increased 11% in North America, 19% in South America, 30% in Europe and 117% in Asia Pacific over second quarter 1994 sales. After adjusting for the effect on sales of recent acquisitions and obtaining majority ownership and consolidation of a Taiwanese affiliate that was accounted for on the equity method in 1994, North American sales increased 9%, South American 17%, European 18% and Asia Pacific 12%.

Revenue from lease financing and other income increased \$9 in the second quarter of 1995 over 1994 due principally to higher 1995 interest income and gains on sales of leased assets.

Adjustments for translation of foreign currency resulted in a gain of less than \$1 for the second quarter of 1995 compared to a loss of \$16 in 1994. This \$17 difference is almost exclusively related to the translation from local

currency to U.S. dollars of the Company's Brazilian operations. The new Brazilian currency (real) was introduced at parity with the U.S. dollar during the third quarter of 1994. The translation of the real has resulted in a second quarter 1995 gain compared to a loss incurred in the second quarter of 1994 from the translation of the old currency (cruzeiros) to U.S. dollars.

9

10

ITEM 2. Results of Operations (Second Quarter 1995 vs Second Quarter 1994)

(continued)

(in Millions)

Dana's consolidated gross margin decreased to 16.0% for the second quarter of 1995 from 16.4% for the same period in 1994 due in part to costs incurred in 1995 for the startup of a U.S. manufacturing facility and the effect of the change in Brazilian currency. The gross margin for Dana's consolidated international operations in the second quarter of 1995 was unchanged from the same period in 1994 prior to adjusting for the Brazilian currency change.

Selling, general and administrative expenses (SG&A) were \$173 in the second quarter of 1995 compared to \$161 for the same period in 1994, an increase of \$12. After adjusting for a \$6 increase associated with acquisitions made in the latter half of 1994 and early in 1995, SG&A increased approximately 4% principally due to higher business levels. Improvement in the Company's ratio of SG&A expense to sales continues and was 8.8% in 1995's second quarter compared to 9.4% in the second quarter of 1994 reflecting benefits derived from expanded sales volumes, technological improvements, increased productivity, and cost control efforts throughout Dana.

Interest expense increased to \$36 for the second three months of 1995 from \$27 for the same period in 1994 due to an increase in the average debt level and an increase in the overall weighted average interest rate quarter over quarter. The average debt level increased in 1995 over 1994 primarily due to the higher level of capital expenditures, the purchase of the minorities' shares of Hayes-Dana, and the working capital requirements resulting from strong sales growth.

Minority interest in net income of consolidated subsidiaries increased in 1995's second quarter to \$11 from \$7 reported in 1994's second quarter due principally to increased earnings of Dana's subsidiary in Brazil. Other factors contributing to this change in minority interest were an increase resulting from the consolidation of the Company's Taiwanese affiliate in 1995 and a reduction due to Dana's purchase of the minorities' shares of Hayes-Dana during the first and second quarters of 1995.

Income of approximately \$6 was reported for equity in net earnings (loss) of affiliates for the second three months of 1995 compared to approximately \$7 for the same period in 1994. Increased earnings for second quarter 1995 over 1994's second quarter by Dana's affiliates in Korea and Venezuela were offset by lower earnings of the Company's Mexican affiliate and the effect of the consolidation of its Taiwanese affiliate in 1995 previously accounted for on an equity basis.

Taxes on income totaled \$58 in the second quarter of 1995 compared to \$46 in 1994. The effective rate decreased to 38% in the second quarter of 1995 from 41% for 1994's second quarter due in part to a lower effective state tax rate in 1995 compared to 1994. Due to the increased profitability of the Company in 1995, the fixed portion of state taxes was spread over a larger base resulting in the lower effective rate than in 1994. A lower effective tax rate associated with Dana Credit Corporation also contributed to the lower overall rate in 1995.

10

11

ITEM 2. Results of Operations (Six Months 1995 vs Six Months 1994)

(in Millions)

Dana's sales for the first six months of 1995 were \$3,893, up nearly 18% over 1994's first six month results of \$3,309. The sales growth can be attributed to unit volume increases experienced by most of the Company's products supplied to various markets throughout the world and the effect of recent acquisitions. These acquisitions and the effect of fully consolidating an affiliate previously accounted for on an equity basis, contributed \$156 to the sales increase, \$65 in the U.S. and \$91 internationally. Dana has also benefited from the ongoing strength of the U.S. highway vehicle original equipment market, worldwide agricultural and construction equipment markets and the overall improvement of international markets. Dana's mix of original equipment and aftermarket sales, international presence and prominence in truck components have helped sustain the Company's growth even while passenger car sales in the U.S. have softened.

Dana's 1995 year to date sales to U.S. light truck manufacturers were up 19% over 1994's sales for the same six month period as a result of the continued demand for light trucks and sport utility vehicles. The Company's U.S. medium and heavy truck OE sales increased 34% and 16%, respectively, for the first six months of 1995 over 1994's first six months. Dana sales to the worldwide highway vehicle market, both U.S. and international, were up 23% in the first six months of 1995 compared to the first six months of 1994. The Company's 1995 year to date sales to the mobile off-highway OE market increased 29% over the same period in 1994, reflecting strength in the construction and agricultural machinery markets worldwide as well as the impact of a European acquisition. Dana's industrial OE component sales increased 14% on a worldwide basis, comprised of a 19% increase in the U.S. and 8% internationally. The Company's overall distribution sales grew 7% during the first six months of 1995 compared to the same period of 1994 in part due to acquisitions and increases in international aftermarket operations, with automotive distribution increasing 6%, truck parts 7% and mobile off-highway/industrial 9%.

Dana sales from U.S. operations were \$2,897 for 1995 year to date, an increase of 15% over the same period in 1994 while international sales were \$996, an increase of 27% over 1994. On a regional basis, the Company's sales for the first six months of 1995 increased 14% in North America, 25% in South America, 28% in Europe and 119% in Asia Pacific over the sales for the same period in 1994. After adjusting for the effect on sales of recent acquisitions and the obtaining of majority ownership and consolidation of a Taiwanese affiliate that was accounted for on the equity method in 1994, North American sales increased 12%, South American 23%, European 20% and Asia Pacific 16%.

Revenue from lease financing and other income increased \$20 for the six months ended June 30, 1995 compared to the same six month period in 1994 due to higher interest and lease financing income and higher gains on sales of leased assets.

Adjustments for translation of foreign currency resulted in a gain of \$4 for the first six months of 1995 compared to a loss of \$23 in 1994. This \$27 difference is almost exclusively related to the translation from local currency to U.S. dollars of the Company's Brazilian operations. The new Brazilian currency (real) was introduced at parity with the U.S. dollar during the third quarter of 1994. The translation of the real has resulted in a gain for year to date June 1995 compared to a loss incurred in the first six months of 1994 from the translation of the old currency (cruzeiros) to U.S. dollars.

ITEM 2. Results of Operations (Six Months 1995 vs Six Months 1994) (continued)

(in Millions)

Dana's consolidated gross margin for the first six months of 1995 was level with the same period in 1994 at 15.5%. After adjusting for the impact on 1995's gross margin of the Brazilian currency change and costs incurred for the start up of a manufacturing facility in the U.S., June 30, 1995 year to date margin improved over 1994's gross margin. The gross margin of Dana's consolidated international operations for the first six months of 1995 was improved over the same period in 1994.

Selling, general and administrative expenses (SG&A) were \$336 for year to date 1995 compared to \$307 for the same period in 1994, an increase of \$29. After adjusting for an increase of \$13 associated with acquisitions made in the latter half of 1994 and early in 1995, SG&A increased approximately 5% principally due to higher business levels. Improvement in the Company's ratio of SG&A expense to sales continues and was 8.6% for the first six months of 1995 compared to 9.3% for the same period in 1994 reflecting benefits derived from expanded sales volumes, technological improvements, increased productivity, and cost control efforts throughout Dana.

Interest expense increased to \$69 for the first six months of 1995 from \$55 for the same period in 1994 due to an increase in the average debt level and an increase in the overall weighted average interest rate period over period. The average debt level increased in 1995 over 1994 due to the higher level of capital expenditures, the purchase of the minorities' shares of Hayes-Dana, and the working capital requirements resulting from strong sales growth.

Minority interest in net income of consolidated subsidiaries increased for the year to date period ended June 30, 1995 to \$20 from \$11 for the same period in 1994 principally to increased earnings of Dana's subsidiary in Brazil. Other factors contributing to this change in minority interest were an increase resulting from the consolidation of the Company's Taiwanese affiliate in 1995 and a reduction due to Dana's purchase of the minorities' shares of Hayes-Dana during the first and second quarters of 1995.

A loss of approximately \$9 was reported for equity in net earnings (loss) of affiliates for the first six months of 1995 compared to income of approximately \$12 for the same period in 1994. The 1995 loss resulted as the Company recorded a non-operating charge of approximately \$18 for Dana's proportionate share of translation losses incurred by its Mexican affiliate, Spicer S.A. de C.V., due to the devaluation of the Mexican peso. The value of the Mexican peso has stabilized at approximately 6 pesos to the U.S. dollar. Although future movement is difficult to predict, if the peso to dollar value remains at its current level, additional translation losses will not be incurred.

Taxes on income totaled \$117 for the first six months of 1995 compared to \$87 in 1994. The effective rate for year to date 1995 was 40%, down from 43% for same period in 1994 due in part to a lower effective state tax rate in 1995 compared to 1994. Due to the increased profitability of the Company in 1995, the fixed portion of state taxes was spread over a larger base resulting in the lower effective rate than in 1994. A lower effective tax rate associated with Dana Credit Corporation also contributed to the lower overall rate in 1995.

While the economies of certain countries, such as the U.S., are showing signs of slower growth, Dana expects sales of its vehicular components to sustain moderate growth levels in the coming months. North American light trucks and sport utility vehicles and the mobile off-highway markets continue to be relatively strong while heavy truck orders have begun to soften and aftermarket sales are becoming increasingly competitive and are not expected to grow appreciably in the second half of 1995. The non-U.S. vehicular OE, aftermarket and industrial markets are expected to sustain moderate growth and this will provide strength for Dana's international operations.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company and its consolidated subsidiaries are parties to various pending judicial and administrative proceedings arising in the ordinary course of business, including, among others, those involving product liability claims and those involving alleged violations of various federal, state and local environmental laws. Management has reviewed with legal counsel the probable outcome of these pending legal proceedings, the costs and expenses reasonably expected to be incurred, the availability and limits of the Company's insurance coverage, and the Company's established reserves for uninsured liabilities.

While the outcome of these proceedings cannot be predicted with certainty, management believes that the liabilities that may result are not reasonably likely to have a material effect on the Company's liquidity, financial condition or results of operations.

Under the rules of the Securities and Exchange Commission, certain environmental proceedings are not deemed to be ordinary routine proceedings incidental to the Company's business and are required to be reported. These include the following:

1. IN THE MATTER OF DANA CORPORATION-VICTOR PRODUCTS DIVISION AND BRC RUBBER GROUP. In this administrative proceeding, commenced in 1990, the United States Environmental Protection Agency, Region 5 ("USEPA 5") alleges that the Company's former plant in Churubusco, Indiana (which ceased operations in 1983) violated the federal Resource Conservation and Recovery Act ("RCRA") by failing to submit a closure plan and financial assurances as a RCRA-regulated storage facility and by failing to notify the subsequent plant owner (Bluffton Rubber Company or "BRC") of the storage facility's alleged RCRA status. USEPA 5 sought to require a RCRA closure of the storage facility and to recover civil penalties of approximately \$77,000 from the Company and \$55,000 from BRC. The Company agreed to indemnify BRC for liabilities asserted against BRC arising from alleged RCRA violations during the Company's operation of the storage facility. In 1992, the Company submitted a settlement proposal to USEPA 5 containing a soil sampling plan designed to establish whether contaminants had been released from materials that the Company stored at the storage facility. In 1993, the Indiana Department of Environmental Management ("IDEM"), on behalf of USEPA 5, notified the Company that the sampling plan was inadequate and issued a Notice of Deficiency with respect to the Company's closure of the storage facility. Thereafter, the Company engaged in discussions with IDEM about the sampling plan and Notice of Deficiency and with USEPA 5 about the proposed penalties. In 1994, BRC was, in effect, dismissed from the case and the Company and USEPA 5 reached agreement on the amount of \$80,000 for the civil penalty. The Company expects that a Consent Decree will be finalized and site sampling work acceptable to IDEM will commence in the third quarter of 1995.

2. COMMISSIONER OF THE DEPARTMENT OF ENVIRONMENTAL MANAGEMENT V. DANA CORPORATION, SLEEVE PLANT. In September 1994, the Indiana Department of Environmental Management ("IDEM") proposed a Consent Order to the Company in connection with alleged violations of the federal Clean Water Act by the Company's plant in Richmond, Indiana. The alleged violations are discharges exceeding certain metal concentration limitations in the plant's water discharge permit with the City of Richmond and discharges into a ditch in violation of the plant's National Pollutant Discharge Elimination System permit. In the proposed Consent Order, IDEM seeks civil penalties in the amount of \$227,000. The Company has contested certain of the allegations and is negotiating the proposed Consent Order with IDEM. There were no new developments in the second quarter of 1995.

13

14

ITEM 1. LEGAL PROCEEDINGS. (Continued)

3. IN THE MATTER OF DANA CORPORATION, BOSTON WEATHERHEAD DIVISION. In September 1994, the United States Environmental Protection Agency, Region 6 ("USEPA 6") issued an administrative Complaint, Compliance Order and Notice of Opportunity for Hearing to the Company in connection with various alleged violations of the federal Resource Conservation and Recovery Act ("RCRA") by the Company's plant in Vinita, Oklahoma. The alleged violations include, among others, the plant's failure to manage and maintain hazardous waste containers, tanks and tank systems in accordance with RCRA requirements and record keeping violations in connection with the plant's Contingency Plan. In the Compliance Order, USEPA 6 is seeking civil penalties of \$576,640. In the fourth quarter of 1994, the Company met with USEPA 6 to present evidence to refute the allegations and settlement negotiations were commenced. Those negotiations continued in the second quarter of 1995.

The Company has also previously reported that it is a defendant in the 1992 lawsuit, UNITED STATES V. DANA CORPORATION. In this suit, the Department of Justice, on behalf of the United States, sued the Company and two other parties that have subsequently been dismissed, Warner Electric Brake and Clutch

Company, Inc. ("Warner Electric") and Beaver Precision Products, Inc. ("Beaver"). Suit was brought in the U.S. District Court, Eastern District of Michigan under the federal False Claims Act and various common law theories. The complaint, which was amended in July 1995, alleges overcharging on U.S. government contracts or subcontracts awarded to Beaver during the late 1970s and the 1980s. Beaver was a subsidiary of Warner Electric when Dana acquired that company in January 1985. Both companies were later merged into Dana, and the Beaver operations were sold in 1991. The amended complaint includes claims for statutory civil penalties and for damages. The amount of damages sought is not specified in the amended complaint, but the government has indicated that these damages are approximately \$25 million, some of which may be subject to doubling or trebling or, in the alternate, to the accrual of interest. The Company is continuing to defend this case vigorously and to engage in settlement negotiations with the government in which the litigation issues and alleged damages are being actively discussed and evaluated. The Company believes that it will be able to resolve this litigation for an amount substantially less than the potential double or treble damages.

14

15

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

- a) The Exhibits listed in the "Exhibit Index" are filed as a part of this report
- b) Reports on Form 8-K.

No reports on Form 8-K were filed during the quarter ended June 30, 1995.

15

16

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DANA CORPORATION

Date: July 28, 1995

\s\ James E. Ayers

James E. Ayers
Chief Financial Officer
Vice President Finance and
Treasurer

Duly Authorized Officer and
Principal Financial Officer.

16

17

EXHIBIT INDEX

<TABLE>	
<CAPTION>	
Exhibit	

<S>	<C>
10-F	Excess Benefits Plan, amended February 13, 1995
10-I(1)	Director Deferred Fee Plan, amended February 13, 1995
10-J(14)	Amendment No. 1 dated February 13, 1995, to the Employment Agreement between Registrant and Southwood J. Morcott. Substantially similar amendments were made to the Employment Agreements of Messrs. Ayers, Hirsch, Magliochetti, Reimer and Strobel.
10-K	Supplemental Benefits Plan, amended February 13, 1995
10-N	Supplementary Bonus Plan, effective December 12, 1994
27	Financial Data Schedule
</TABLE>	

Note: Exhibits 10-F through 10-N are management contracts or compensatory plans required to be filed as exhibits to this Form 10-Q pursuant to Part II, Item 6 of this report.

February 13, 1995

DANA CORPORATION EXCESS BENEFITS PLAN

ARTICLE I

DEFINITIONS

1.1. "Benefit Payment Period" means the one of the following that applies to the particular Employee or Recipient:

(a) For an Employee or Recipient who is receiving payments for the remainder of a term certain period, Benefit Payment Period means the remainder of such term certain period.

(b) For an Employee or Recipient who is receiving payments for his or her remaining lifetime, the Benefit Payment Period is the Life Expectancy of the Employee or Recipient.

(c) For an Employee or Recipient who is receiving payments for his or her remaining lifetime plus payments for the lifetime of a Contingent Annuitant, the Benefit Payment Period is the Life Expectancy of the Employee or Recipient plus an additional period to reflect the Life Expectancy of the Contingent Annuitant after the death of the Employee or Recipient.

1.2. "Board" means the Board of Directors of the Company.

1.3. "Change in Control" means a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 as in effect from time to time; provided that, without limitation, such a change in control shall be deemed to have occurred if and when (a) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) is or becomes a beneficial owner, directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities or (b) during any period of 24 consecutive months, commencing before or after the

effective date of this Plan, individuals who at the beginning of such twenty-four month period were directors of the Company cease for any reason to constitute at least a majority of the Board of Directors of the Company. Notwithstanding anything to the contrary in this Plan, the term "person" referred to in clause (a) above of this Section 1.3 shall not include within its meaning, and shall not be deemed to include, for any purpose of this Plan, any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company.

1.4. "Code" means the Internal Revenue Code of 1986, as amended, or as it may be amended from time to time.

1.5. "Company" means Dana Corporation, a corporation organized under the laws of the Commonwealth of Virginia.

1.6. "Contingent Annuitant" means the person designated to receive retirement benefits under this Plan following the death of the Employee or a Recipient.

1.7. "Deferred Awards" means deferred awards, earned under the Dana Corporation Additional Compensation Plan on account of long- or short- term award periods --

(a) ending on or after January 1, 1988, except as provided in paragraph (b), below, and

(b) ending either before January 1, 1988, or on or after January 1, 1988, solely for purposes of determining the amount of the Employee's benefit under Section 5 of Part I of Appendix E of the Retirement Plan.

1.8. "Effective Date" means September 1, 1988.

1.9. "Employee" means an individual who is a participant (including a retired participant) in a funded, defined benefit pension plan maintained by the Company, or any successor plan that may be adopted or substituted for such plan if, and only if,

(a) the individual's benefits under such defined benefit plan are limited by reason of the provisions of such plan that are designed to comply with the limitations imposed by Section 401(a)(17) or Section 415 of the Code; and/or

(b) the individual is actively employed by the Company on or after September 1, 1988, and the individual's benefits under such defined benefit plan are limited by reason of the fact that Deferred Awards are not recognized as earnings for purposes of determining the individual's benefits under such defined benefit plan.

1.10. "Life Expectancy" means the expected remaining lifetime based on the Mortality Table and the age at the nearest birthday of the Employee or

Recipient at the date the Lump Sum Payment is made. If a joint and contingent survivor annuity has been elected, then Life Expectancy shall reflect the joint Life Expectancies of the Employee or Recipient and Contingent Annuitant.

1.11. "Lump Sum Payment" shall be determined as set forth in paragraph (c) of Section 4.7 of the Plan.

1.12. "Mortality Table" shall mean the Unisex Pension 1984 Mortality Table set forward one year in age (or such other pensioner annuity mortality table as the Company with the written consent of the Employee or Recipient shall determine) and the associated Uniform Seniority Table for the determination of joint life expectancies.

1.13. "Net Specified Rate" shall mean the interest rate which will produce income on a tax free basis that equals the income produced by the Specified Rate net of the combined highest rates of Federal, state and local income taxes that are in effect in the jurisdiction of the Employee or Recipient on the date of payment of the Lump Sum Payment.

1.14. "Pension Plan" means the funded, defined benefit pension plan in which an Employee was participating at the time of his termination of employment (or retirement) from the Company.

1.15. "Plan" means the "Dana Corporation Excess Benefits Plan", as set forth herein.

1.16. "Plan Administrator" means the Plan Administrator appointed under the Pension Plan.

1.17. "Retirement Plan" means the Dana Corporation Retirement Plan, as amended from time to time.

4

1.18. "Specified Rate" shall mean an interest rate equal to 85% of a composite insurance company annuity rate provided by an actuary designated by the Plan Administrator (and provided by such actuary as of the last month of the calendar year next preceding the calendar year in which the distribution is made), subject to the condition that the interest rate in effect for any such year may not differ from the rate in effect for the prior year by more than one-half of one percent, and also subject to the condition that any such rate shall be rounded to the nearest one-tenth of one percent (and if such rate is equidistant between the next highest and next lowest one-tenth of one percent, rounded to the next lowest one-tenth of one percent).

ARTICLE II

PURPOSE OF THE PLAN

2.1. PURPOSE. This Plan as adopted effective September 1, 1988, is hereby amended effective February 13, 1995 and is intended to continue the excess benefits plan of the Company that had previously been set forth in a Resolution of the Board dated June 9, 1975, as amended and supplemented by Resolutions dated April 14, 1980, February 14, 1983, December 10, 1984, February 16, 1988, and January 29, 1993.

ARTICLE III

ELIGIBILITY

3.1. ELIGIBILITY. All Employees and beneficiaries of Employees eligible to receive retirement benefits from a funded, defined benefit pension plan sponsored by the Company shall be eligible to receive benefits under this Plan in accordance with Article IV, regardless of when the Employee may have terminated employment or retired (except as otherwise specified by Article IV).

5

ARTICLE IV

BENEFITS

4.1. BASIC BENEFIT.

(a) An Employee who, on or after September 1, 1988, terminates active employment or retires from active employment with the Company shall be entitled to receive a lump sum payment equal to the excess (if any) of:

(i) the total of the lump sum benefits that the Employee would have received from all Company-sponsored, funded, defined benefit pension plans in which he was a participant, determined without regard to the limitations on such benefits imposed by such plans in order to comply with the limitations imposed by Section 401(a)(17) and Section 415 of the Code and, in the case of an Employee who is actively employed by the Company on or after September 1, 1988, and solely for purposes of the benefits payable from the Retirement Plan (but not for purposes of any benefits payable pursuant to the second paragraph of Section 14 of Part I of Appendix E of the Retirement Plan), determined without regard to the provisions of the Retirement Plan that exclude Deferred Awards under the Dana Corporation Additional Compensation Plan from the definition of earnings under the Retirement Plan, and determined, except as provided in Section 4.1(e) hereof, on the basis of the Mortality Table and 120 percent of the interest rate that would be used (as of January 1 of the

calendar year in which the first benefit payment is to be made) by the Pension Benefit Guaranty Corporation with respect to an immediate annuity for purposes of determining the present value of a lump sum distribution on plan termination, over

(ii) the total of the lump sum benefits that he is entitled to receive from such Company-sponsored, funded, defined benefit pension plans, determined on the basis of the assumption that the Employee's benefits under such plans are paid in the form of a lump sum benefit, payable as of the Employee's date of retirement under the Pension Plan and determined, except as provided in Section 4.1(e) hereof, on the basis of the Mortality Table and 120 percent of the interest rate that would be used (as of January 1 of the calendar year in which the first benefit payment is to be made) by the Pension Benefit Guaranty Corporation

6

with respect to an immediate annuity for purposes of determining the present value of a lump sum distribution on plan termination.

(b) Subject to the provisions of Section 4.2 hereof, the benefit payable pursuant to paragraph (a) of this Section 4.1, shall be paid in the form of a lump sum payment, payable as of the Employee's date of retirement under the Pension Plan.

(c) If an Employee eligible for a benefit under the Plan dies before the date as of which such benefit is scheduled to be paid hereunder, a lump sum benefit shall be paid to the Employee's surviving spouse (if any), as of the month (if any) in which the spouse's benefits commence under the Pension Plan. The amount of such benefit shall be a lump sum payment equal to the excess (if any) of:

(i) the total of the lump sum benefits that the spouse would have received from all Company-sponsored, funded, defined benefit pension plans in which the Employee was a participant but for the limitations on benefits imposed by such plans in order to comply with the limitations imposed by Section 401(a)(17) and Section 415 of the Code and, in the case of an Employee who is actively employed by the Company on or after September 1, 1988, and solely for purposes of the benefits payable from the Retirement Plan (but not for purposes of any benefits payable pursuant to the second paragraph of Section 14 of Part I of Appendix E of the Retirement Plan), determined without regard to the provisions of the Retirement Plan that exclude Deferred Awards under the Dana Corporation Additional Compensation Plan from the definition of earnings under the Retirement Plan, and determined on the basis of the Mortality Table and 120 percent of the interest rate that would be used (as of January 1 of the calendar year in which the first benefit payment is to be made) by the Pension Benefit Guaranty Corporation with respect to an immediate annuity for purposes of determining the present value of a lump sum distribution on plan termination, over

(ii) the total of the lump sum benefits that the spouse is entitled to receive from such Company-sponsored, funded, defined benefit pension plans, determined on the basis of the assumption that the spouse's benefits under such plans are paid in the form of a lump sum benefit and determined on the basis of the Mortality Table and 120 percent of the interest rate that would be used (as of

7

January 1 of the calendar year in which the first benefit payment is to be made) by the Pension Benefit Guaranty Corporation with respect to an immediate annuity for purposes of determining the present value of a lump sum distribution on plan termination.

(d) No benefits shall be paid hereunder with respect to an active Employee who is not married on the date of his death.

(e) Notwithstanding the foregoing provisions of this Section 4.1, if an active Employee retires and receives a benefit under any of the following plan provisions:

(i) Section 3.04D of the Dana Corporation Retirement Income Plan, as amended by the Second Amendment to that Plan;

(ii) Section 3.6D of the Dana Corporation Spicer Axle Salaried Pension Plan, as amended by the First Amendment to that Plan;

(iii) Section 5.1c.v. of the Retirement Plan for Management Employees of Racine Hydraulics Division-Dana Corporation, as amended by the First Amendment to that Plan;

(iv) Section 4.6.5 of the Dana Corporation Weatherhead Division Pension Plan for Salaried Employees, as amended by the First Amendment to that Plan;

(v) Section 4.7.1 of the Dana Corporation Gresen Manufacturing Division Management Pension Plan, as amended by the First Amendment to that Plan; or

(vi) Option E of Section 6.4 of the Tyrone Salaried Pension Plan, as amended by the First Amendment to that Plan,

then the benefits described in Section 4.1(a)(i) and (ii), in respect of the above-described plan benefits, shall be determined on the basis of the mortality rates, interest assumptions and other factors that would be applicable to the form of payment selected

8

by the Employee under such other plan.

(f) Notwithstanding the foregoing provisions of this Section 4.1, benefits under this Plan shall only be based on that portion of an Employee's 1994 and subsequent years' Additional Compensation Plan bonus awards (whether

or not deferred) as do not exceed 125% of the base salary paid to the Employee by the Company for the applicable year.

4.2. FORM OF BENEFIT PAYMENTS. An Employee eligible for a benefit under this Plan shall be entitled to receive his benefit in the form of an immediate lump sum payment. However, upon the written request of the Employee, the Treasurer of the Company may, in his sole discretion, permit such benefit to be paid instead pursuant to an optional form of payment that is used for the payment of the Employee's retirement benefit under the Pension Plan. Any such written request must be filed by the Employee with the Treasurer of the Company on or before the Employee's date of retirement under the Pension Plan. If the Employee is the Treasurer of the Company, the duties of the Treasurer of the Company under this Section 4.2 shall be discharged by the President of the Company. The amount of the benefit payable pursuant to any form of payment under this Plan shall be determined by applying the mortality rates, interest assumptions and other factors prescribed by the Retirement Plan that would be applicable to the form of payment applicable to the Employee under this Plan. Any post-retirement increase in the benefits being paid to an Employee under the Pension Plan shall also be applied on a comparable basis to any monthly supplemental benefits being paid under this Plan.

4.3. TIME AND DURATION OF BENEFIT PAYMENTS. Benefits due under the Plan shall be paid in a lump sum, except as otherwise determined by the Treasurer or the President of the Company pursuant to Section 4.2 hereof.

4.4. BENEFITS UNFUNDED. The benefits payable under the Plan shall be paid by the Company each year out of its general assets and shall not be funded in any manner. The obligations that the Company incurs under this Plan shall be subject to the claims of the Company's other creditors having priority as to the Company's assets.

4.5. NONALIENABILITY. Except as to withholding of any tax under the laws of the United States or any state or locality, no supplemental benefit payable at any time hereunder shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or other legal

9

process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such supplemental benefit, whether currently or thereafter payable, shall be void.

4.6. SUCCESSORS TO THE CORPORATION. This Plan shall be binding upon and inure to the benefit of any successor or assign of the Company, including, without limitation, any corporation or corporations acquiring directly or indirectly all or substantially all of the assets of the Company whether by merger, consolidation, sale or otherwise (and such successor or assign shall thereafter be deemed embraced within the term "Company" for the purposes of this Plan).

4.7. CHANGE IN CONTROL. Anything hereinabove in this Article IV or elsewhere in this Plan to the contrary notwithstanding:

(a) LUMP SUM PAYMENT. Upon the occurrence of a Change in Control, each Employee and each Employee's spouse or beneficiary following his death who are receiving benefits under the Plan ("Recipient") shall receive, on account of future payments of any and all benefits due under the Plan, a Lump Sum Payment, so that each such Employee or Recipient will receive substantially the same amount of after-tax income as before the Change in Control, determined as set forth in paragraph (c) of this Section 4.7.

(b) CERTAIN MATTERS FOLLOWING A LUMP SUM PAYMENT. An Employee who has received a Lump Sum Payment pursuant to paragraph (a) of this Section 4.7 shall, thereafter (i) while in the employ of the Company, continue to accrue benefits under the Plan, and (ii) be eligible to be paid further benefits under the Plan, after appropriate reduction in respect of the Lump Sum Payment previously received. For purposes of calculating such reduction, the Lump Sum Payment shall be accumulated with interest at the Specified Rate in effect from time to time for the period of time from initial payment date to the next date on which a computation is to be made (i.e., upon Change in Control, retirement, or other termination of employment). It shall then be converted to a straight-life annuity using the current annuity certain factor. The current annuity certain factor will be determined on the Net Specified Rate basis if this benefit payment is being made due to a subsequent Change in Control; otherwise, the Specified Rate shall be used.

10

(c) DETERMINATION OF LUMP SUM PAYMENT. The Lump Sum Payment referred to in paragraph (a) of this Section 4.7 shall be determined by multiplying the annuity certain factor (for monthly payments at the beginning of each month) based on the Benefit Payment Period and the Net Specified Rate by the monthly benefit (adjusted for assumed future benefit adjustments due to Social Security and Code Section 415 changes in the Pension Plan) to be paid to the Employee or Recipient under the Plan.

4.8. TAXATION. Notwithstanding anything in the Plan to the contrary, if the Internal Revenue Service determines that the Employee is subject to Federal income taxation on an amount in respect of any benefit provided by the Plan before the distribution of such amount to him, the Company shall forthwith pay to the Employee all (or the balance) of such amount as is includible in the Employee's Federal gross income and shall correspondingly reduce future payments, if any, of the benefit.

ARTICLE V

AMENDMENT, TERMINATION AND INTERPRETATION

5.1. AMENDMENT AND TERMINATION. The Company reserves the right, by action of the Board, to amend, modify or terminate, either retroactively or

prospectively, any or all of the provisions of this Plan without the consent of any Employee or beneficiary; provided, however, that no such action on its part shall adversely affect the rights of an Employee and his beneficiaries without the consent of such Employee (or his beneficiaries, if the Employee is deceased) with respect to any benefits accrued prior to the date of such amendment, modification, or termination of the Plan if the Employee has at that time a non-forfeitable right to benefits under a funded, defined benefit pension plan sponsored by the Company.

5.2. INTERPRETATION. The Plan Administrator shall have the power to interpret the Plan and to decide any and all matters arising hereunder; including but not limited to the right to remedy possible ambiguities, inconsistencies or omissions by general rule or particular decision; provided, that all such interpretations and decisions shall be applied in a uniform and nondiscriminatory manner to all Employees similarly situated. In addition, any interpretations and decisions made by the Plan Administrator shall be final, conclusive and binding upon the persons who have or who claim to have any interest in or under the Plan.

2/13/95

DANA CORPORATION
-----DIRECTOR DEFERRED FEE PLAN

1. INTRODUCTION

This Director Deferred Fee Plan is designed to provide Directors of the Corporation with the opportunity to defer to a future date the receipt of their compensation as Directors.

Each Director may elect to have any portion or all of his Fees as a Director deferred by filing a written election with the Corporation prior to January 1 of each Year for which deferral is to be made.

2. DEFINITIONS

The following words and phrases shall have the meanings set forth below:

- (A) "Accounts" shall mean a Director's Stock Account and Interest Equivalent Account.
- (B) "Committee" shall mean the Advisory Committee of the Board of Directors of the Corporation.
- (C) "Corporation" shall mean the Dana Corporation.
- (D) "Director" shall mean a member of the Board of Directors of the Corporation.
- (E) "Fees" shall mean any retainer fees or meeting fees which a Director receives or is entitled to receive as a Director of the Corporation. "Fees" shall also include fees that accrue on account of service on any committee of the Board of Directors and fees that are payable for services over and above those normally expected from Directors and performed at the request of the Chairman of the Board of Directors.
- (F) "Plan" shall mean the Dana Corporation Director Deferred Fee Plan.
- (G) "Year" shall mean a calendar year.

2

3. DIRECTOR'S ACCOUNTS

At the time a Director elects to defer Fees, he shall also designate whether such deferred Fees are to be credited to a Stock Account, an Interest Equivalent Account, or to a combination of both Accounts.

A. STOCK ACCOUNT

For each Director who determines that all or a portion of his

deferred Fees should be converted into Units equal to shares of the Corporation's common stock, the Corporation shall establish a Stock Account for that Director and shall credit that Account with any Fees deferred at the time payment would have otherwise been made to the Director. Any accrued dollar balance in such Account shall be converted four times each Year, effective March 31, June 30, September 30, and December 31, into a number of Units equal to the maximum number of whole shares of the Corporation's common stock which could have been purchased with the dollar amount credited to the Account, assuming a purchase price per share equal to the average of the last reported daily sales prices for shares of such common stock on the New York Stock Exchange-Composite Transactions on each trading day during the last full month preceding the date of conversion, and the dollar amount then credited to such Account shall be appropriately reduced. Any dollar amount not credited to the Stock Account of a Director as whole Units shall be accrued as a dollar balance in that Account.

When cash dividends are declared and paid on the Corporation's common stock, the Stock Account of each Director shall be credited as of the dividend payment date with

3

an amount equal to the cash which would have been paid if each Unit in such Account, as of the dividend record date, had been one share of the Corporation's outstanding common stock.

If the Corporation increases or decreases the number of shares of its outstanding common stock as a result of a stock dividend, stock split, or stock combination, a corresponding proportionate adjustment shall be made in the number of Units then credited to each Director's Stock Account.

Each Director may convert 25%, 50%, 75% or 100% of the Units credited to his Stock Account as of April 30, 1991 into an equivalent dollar balance in the Interest Equivalent Account. These election(s) can be made at any time before or after retirement, provided that the election is made prior to the second anniversary of his retirement or termination of service as a Director and it shall be effective on the day the election is received by the Corporation. Each Director shall also have the right to convert 25%, 50%, 75% or 100% of the Units credited to his Stock Account after April 30, 1991 into an equivalent dollar balance in the Interest Equivalent Account. These election(s) to convert post-April 30, 1991 Units shall be made during the period that commences on the first day of the seventh calendar month following the Director's retirement or termination of service and ends on the second anniversary of his retirement or termination of service. Any such election shall be effective on the day the election is received by the Corporation. Any election made under this paragraph shall be given in writing to the Chief Financial Officer of the Corporation. For valuation purposes, each Unit so converted shall have an assumed value equal to the average of the last reported daily sales prices for shares of

the Corporation's common stock on the New York Stock Exchange-Composite Transactions on each trading day during the last full calendar month preceding the effective date of conversion, and the Units credited to such Stock Account shall be reduced by the number of Units so converted.

In the event a Director dies prior to the latest date on which he could have made an election to convert Units into Interest Equivalent amounts, as provided above, without having made such an election, his spouse (or in the event the spouse has predeceased him, his estate), shall be permitted to make such an election within the same period during which the election would have been available to the Director had he lived. Units which the spouse or estate elect to convert shall be valued according to the formula described in this Section 3A.

B. INTEREST EQUIVALENT ACCOUNT

A Director may also elect to have all or a portion of his deferred Fees credited to an Interest Equivalent Account established for him by the Corporation. Any accrued dollar balance in such Account shall be credited four times each Year, effective March 31, June 30, September 30 and December 31, with amounts equivalent to interest. Amounts credited to a Director's Interest Equivalent Account, including amounts equivalent to interest, shall continue to accrue amounts equivalent to interest until distributed in accordance with Section 4.

The rate of interest credited to funds allocated to a Director's Interest Equivalent Account during any given Year shall be the quoted and published interest rate for prime commercial loans by Chemical Bank, or its successor, on the last business day of the

immediately preceding Year.

No person shall, by virtue of his participation in the Plan, have or acquire any interest whatsoever in property or assets of the Corporation or in any share of the Corporation's common stock, or have or acquire any rights whatsoever as a stockholder of the Corporation.

Following a Director's death, retirement from the Board of Directors, or termination of service as a Director, amounts held in his Accounts will be distributed in accordance with Section 4.

4. DISTRIBUTIONS TO DIRECTORS

Prior to the time a Director who has elected to defer Fees under the Plan retires from the Board of Directors, or his services are terminated as a Director, the Committee shall establish a distribution schedule specifying (i) that distributions be made to the Director out of his Accounts in a specified number of annual installments (not exceeding 10), with the first distribution to be made at the sole discretion of the Committee, either (a) in the month following

retirement, termination of services, or the effective date of any post-retirement election to convert Units pursuant to Section 3A, or (b) in January of the first, second, or third year following retirement or termination of services (all subsequent distributions shall be made in January), and (ii) the proportion which each such installment shall bear to the dollar amount or Units credited to his Accounts at the time of distribution of such installment, subject to adjustment to the next higher whole Unit in the case of distributions from the Stock Account.

In the event of the death of a Director either before or after retirement or termination of services, the amount then credited to his Accounts shall be paid in cash in such manner as the Committee may determine regardless of the manner in which such payments would have been

6

made to the Director had he lived.

Each distribution in respect of a Director's Accounts shall be made in cash. To the extent that a distribution is to be made from a Director's Stock Account, the value of each Unit in that Account shall be deemed to be equal to the average of the last reported daily sales prices for shares of the Corporation's common stock on the New York Stock Exchange-Composite Transactions on each trading day during the calendar month preceding the month of making such payment. Following a distribution from a Director's Stock Account, the Units credited to such Stock Account shall be reduced by the number of Units equal in value to the cash distributed. To the extent that a cash distribution is made from a Director's Interest Equivalent Account, a corresponding reduction in the balance of that Account will be made.

All distributions under the Plan shall be made to the Director, except that in the event of the death of a Director, distributions shall be made to such person or persons as such Director shall have designated by written notice to the Committee prior to his death. In the event the designated beneficiary fails to survive the Director, or if the Director fails to designate a beneficiary in writing, the Corporation shall distribute the balance in the Director's Accounts to the legal representative of such deceased Director.

Anything in this Section 4 or elsewhere in the Plan to the contrary notwithstanding, in the event of a Change in Control of the Corporation there shall promptly be paid to each Director and each former Director, who had deferred Fees under the Plan, a lump sum cash amount equal to all amounts and Units credited to his Stock Account and his Interest Equivalent Account as of April 30, 1991. For purposes of converting any Units in the Stock Account into a cash equivalent, the value of the Units credited to a Director's Stock Account as of April 30, 1991 shall be deemed

7

to be the higher of (a) the average of the reported closing prices of the Corporation's common stock, as reported on the New York Stock Exchange-Composite Transactions, for the last trading day prior to the Change in Control of the Corporation and for the last trading day of each of the two preceding thirty-day periods, and (b) an amount equal to the highest per share

consideration paid for the common stock of the Corporation acquired in the transaction constituting the Change in Control of the Corporation. For purposes of this paragraph, "Change in Control of the Corporation" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 as in effect from time to time; provided that, without limitation, such a change in control shall be deemed to have occurred if and when (a) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) is or becomes a beneficial owner, directly or indirectly, of securities of the Corporation representing twenty percent (20%) or more of the combined voting power of the Corporation's then outstanding securities or (b) during any period of twenty-four (24) consecutive months, commencing before or after the effective date of this Plan, individuals who at the beginning of such twenty-four month period were directors of the Corporation cease for any reason to constitute at least a majority of the Board of Directors of the Corporation. Notwithstanding anything to the contrary in this Section 4 or elsewhere in this Plan, the term "person" referred to in clause (a) above in the next preceding sentence shall not include within its meaning, and shall not be deemed to include for any purpose of this Plan, any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any corporation controlled by the Corporation.

8

5. NON-ASSIGNMENT OF INTEREST

No interest in any undistributed Unit or Interest Equivalent Account amount shall be transferable or assignable by any Director, and any purported transfer or assignment of any such interest, and any purported lien on or pledge of any such interest, made or created by any Director, shall be void and of no force or effect as against the Corporation. Any payment due under this Plan shall not in any manner be subject to the debts or liabilities of any Director or beneficiary. Units will represent shares of the Corporation's common stock for accounting purposes only, and shall not be convertible to, or considered to be, actual shares of stock for any reason.

6. AMENDMENT, TERMINATION AND INTERPRETATION OF PLAN

The Board of Directors of the Corporation shall have the right at any time, and from time to time, to modify, amend, suspend or terminate the Plan; provided, however, that no such action shall be taken which would affect Fees deferred prior to the action taken without the consent of the Director (or his personal representative) who elected deferral of the Fees.

The Committee shall have the power to interpret the Plan and to decide any and all matters arising hereunder, including but not limited to the right to remedy possible ambiguities, inconsistencies or omissions by general rule or particular decision; provided, that all such interpretations and decisions shall be applied in a uniform and nondiscriminatory manner to all participants similarly situated. In addition, any interpretations and decisions made by the Committee shall be final, conclusive and binding upon all persons who have or

who claim to have any interest in or under the Plan.

9

7. INFORMATION

Each person entitled to receive a payment under this Plan, whether a Director, a duly designated beneficiary of a Director, a guardian or otherwise, shall provide the Committee with such information as it may from time to time deem necessary or in its best interests in administering the Plan. Any such person shall also furnish the Committee with such documents, evidence, data or other information as the Committee may from time to time deem necessary or advisable.

8. GOVERNING LAW

The Plan shall be construed, administered and governed in all respects under and by the applicable internal laws of the State of Ohio, without giving effect to the principles of conflicts of laws thereof.

9. EFFECTIVE DATE

This Dana Corporation Director Deferred Fee Plan, as amended, became effective on February 18, 1985. It has since been amended, and was last amended, effective February 13, 1995, to read as set forth above.

2/13/95

Amendment No. 1 Dated February 13, 1995
to Agreement Dated December 14, 1992 Between
Dana Corporation and Southwood J. Morcott

WHEREAS, the parties have entered into an Agreement dated December 14, 1992 (the "Agreement"); and

WHEREAS, the parties have agreed to make an amendment to the Agreement,

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration from each party to the other, including the agreement on the part of the Company to expand the Executive's rights under the Agreement in the event of a Change of Control, and the agreement on the part of the Executive to waive his rights to object to amendments made to the Dana Corporation Excess Benefits and Supplemental Benefits Plans that have the effect of limiting benefits under those plans so that such benefits are only based on that portion of the Executive's 1994 and subsequent years' short-term incentive plan bonuses as do not exceed 125% of the Executive's base salary, which waiver and consent is provided in accordance with Section 3(i) of the Agreement and evidenced by his execution of this instrument, it is hereby mutually agreed by the parties that, effective February 13, 1995:

1. Section 3(j) (v) shall be amended to read in its entirety as follows:

"(v) The term "Highest Average Monthly Compensation" shall mean the sum of (1) one-twelfth (1/12) of the Annual Base Salary provided in Section 3(a) at the rate being paid at the time the Executive's termination of employment occurred and (2) one-twelfth (1/12) of the average of the highest Annual Bonuses payable to the Executive for any three (3) consecutive full or partial fiscal years during his employment by the Corporation, PROVIDED, however, that with respect to 1994 and subsequent years' Annual Bonuses, only that portion of the Employee's Annual Bonus as does not exceed 125% of his Annual Base Salary will be considered."

2. The language in sub-section 5(a) (v) (2) that currently reads as follows:

"(2) in the event that a Change of Control prior to Termination shall have taken place as the result of a tender or exchange offer and the Date of Termination is within twelve months of the Change of Control Date, an amount equal to the per share consideration paid for a majority of the Common Shares of the Corporation acquired in the course of such tender or exchange offer."

will be amended to read in its entirety as follows:

2

"(2) in the event that a Change of Control prior to Termination shall have taken place and the Date of Termination is within twelve months of the Change of Control Date, an amount equal to the highest per share consideration paid for the Common Shares of the Corporation acquired in the transaction constituting the Change of Control."

3. The first clause of Section 12(b) of the Agreement that precedes the words "PROVIDED that" shall be amended to read as follows:

"(b) CHANGE OF CONTROL. "Change of Control" shall mean a change in control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 as in effect from time to time;"

Except as hereinabove amended, all provisions of the Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of February 13, 1995.

ATTEST:

DANA CORPORATION

/s/ Sue A. Griffin

By: /s/ Martin J. Strobel

Assistant Secretary

Secretary

By: /s/ Roger T. Fridholm

Chairman - Compensation Committee

/s/ Southwood J. Morcott

2/13/95

DANA CORPORATION SUPPLEMENTAL BENEFITS PLAN

ARTICLE I
-----DEFINITIONS

1.1. "Benefit Payment Period" means the one of the following that applies to the particular Employee or Recipient:

(a) For an Employee or Recipient who is receiving payments for the remainder of a term certain period, Benefit Payment Period means the remainder of such term certain period.

(b) For an Employee or Recipient who is receiving payments for his or her remaining lifetime, the Benefit Payment Period is the Life Expectancy of the Employee or Recipient.

(c) For an Employee or Recipient who is receiving payments for his or her remaining lifetime plus payments for the lifetime of a Contingent Annuitant, the Benefit Payment Period is the Life Expectancy of the Employee or Recipient plus an additional period to reflect the Life Expectancy of the Contingent Annuitant after the death of the Employee or Recipient.

1.2. "Board" means the Board of Directors of the Company.

1.3. "Change in Control" means a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 as in effect from time to time; provided that, without limitation, such a change in control shall be deemed to have occurred if and when (a) any "person" (as such term is used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934) is or becomes a beneficial owner, directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities or (b) during any period of 24 consecutive months, commencing before or after the effective date of this Plan, individuals who at the beginning of such twenty-four month period were directors of the Company cease for any reason to constitute at least a majority of the Board of Directors of the Company. Notwithstanding anything to the contrary in this Plan, the term

2

"person" referred to in clause (a) above of this Section 1.3 shall not include within its meaning, and shall not be deemed to include, for any purpose of this Plan, any employee benefit plan (or related trust) sponsored or maintained by

the Company or any corporation controlled by the Company.

1.4. "Code" means the Internal Revenue Code of 1986, as amended, or as it may be amended from time to time.

1.5. "Company" means Dana Corporation, a corporation organized under the laws of the Commonwealth of Virginia.

1.6. "Contingent Annuitant" means the person designated to receive retirement benefits under this Plan following the death of the Employee or a Recipient.

1.7. "Credited Service" means "Credited Service" as that term is defined in the Retirement Income Plan.

1.8. "Effective Date" means September 1, 1988.

1.9. "Employee" means an individual who is a participant (including a retired participant) in a funded, defined benefit pension plan maintained by the Company, or any successor plan that may be adopted or substituted for such plan if, and only if, (a) the individual is actually employed by the Company on September 1, 1988, and (b) the individual is a U.S.-based member of the long-term awards group as of September 1, 1988, under the Dana Corporation Additional Compensation Plan.

1.10. "Excess Plan" means the Dana Corporation Excess Benefits Plan, as amended from time to time.

1.11. "Highest Average Monthly Earnings" means the sum of

(a) the Employee's basic salary (before any reduction as a result of an election to have his pay reduced in accordance with a "cafeteria plan" or a "cash or deferred arrangement" pursuant to Section 125 or Section 401(k) of the Code), and

(b) bonuses and incentive payments paid (or that would have been paid, but for a deferral arrangement) to the Employee (provided, however, that with respect to 1994 and subsequent years' bonus awards under the Company's Additional Compensation Plan, only that portion of the Employee's bonus award as does not exceed 125% of his base salary will be considered)

during any 3 calendar years out of the last 10 calendar years of active employment with the Company prior to retirement in which such sum was the highest, divided by 36.

1.12. "Life Expectancy" means the expected remaining lifetime based on the Mortality Table and the age at the nearest birthday of the Employee or Recipient at the date the Lump Sum Payment is made. If a joint and contingent survivor annuity has been elected, then Life Expectancy shall reflect the joint Life Expectancies of the Employee or Recipient and Contingent

3

Annuitant.

1.13. "Lump Sum Payment" shall be determined as set forth in paragraph (c) of Section 4.7 of the Plan.

1.14. "Mortality Table" shall mean the Unisex Pension 1984 Mortality Table set forward one year in age (or such other pensioner annuity mortality table as the Company with the written consent of the Employee or Recipient shall determine) and the associated Uniform Seniority Table for the determination of joint life expectancies.

1.15. "Net Specified Rate" shall mean the interest rate which will

produce income on a tax free basis that equals the income produced by the Specified Rate net of the combined highest rates of Federal, state and local income taxes that are in effect in the jurisdiction of the Employee or Recipient on the date of payment of the Lump Sum Payment.

1.16. "Pension Plan" means the funded, defined benefit pension plan in which an Employee was participating at the time of his termination of employment (or retirement) from the Company.

1.17. "Plan" means the "Dana Corporation Supplemental Benefits Plan", as set forth herein.

1.18. "Plan Administrator" means the Plan Administrator appointed under the Pension Plan.

1.19. "Primary Social Security Benefit" means "Primary Social Security Benefit" as that term is defined by the Retirement Income Plan.

1.20. "Retirement Income Plan" means The Dana Corporation Retirement Income Plan, as in effect on June 30, 1988.

1.21. "Specified Rate" means an interest rate equal to 85% of a composite insurance company annuity rate provided by an actuary designated by the Plan Administrator (and provided by such actuary as of the last month of the calendar year next preceding the calendar year in which the distribution is made), subject to the condition that the interest rate in effect for any such year may not differ from the rate in effect for the prior year by more than one-half of one percent, and also subject to the condition that any such rate shall be rounded to the nearest one-tenth of one percent (and if such rate is equidistant between the next highest and next lowest one-tenth of one percent, rounded to the next lowest one-tenth of one percent).

1.22. "Temporary Retirement Benefit" means the benefit described in Section 4.1(b) (i) (B) hereof.

1.23. "Vesting Service" means "Vesting Service" as that term is defined by the Retirement Income Plan.

4

ARTICLE II

PURPOSE OF THE PLAN

2.1. PURPOSE. This Plan is adopted effective September 1, 1988, and amended effective February 13, 1995, and is intended to provide supplemental benefits to Employees and their beneficiaries in addition to any benefits to which such Employees and beneficiaries may be entitled under other Company-sponsored, funded, defined benefit pension plans and the Excess Plan.

ARTICLE III

ELIGIBILITY

3.1. ELIGIBILITY. All Employees and beneficiaries of Employees eligible to receive retirement benefits from a Pension Plan shall be eligible

to receive benefits under this Plan in accordance with Article IV, regardless of when the Employee may have terminated employment or retired (except as otherwise specified by Article IV).

ARTICLE IV

BENEFITS

4.1. BASIC BENEFITS.

(a) An Employee who, on or after September 1, 1988, retires from active employment with the Company on or after his 65th birthday, shall be entitled to receive a lump sum benefit that is the actuarial equivalent (determined in accordance with Section 4.2 hereof) of a monthly supplemental benefit equal to the excess (if any) of

(i) (A) 1.6 percent of the Employee's Highest Average Monthly Earnings multiplied by the number of years and fractional parts thereof of his Credited Service at the time of retirement, less

(B) 2 percent of the Employee's Primary Social Security Benefit multiplied by the number of years and fractional parts thereof of his Credited Service but not more than 50 percent of the Employee's Primary Social Security Benefit, over

(ii) the sum of the monthly benefits he is entitled to receive from all Company-sponsored, funded, defined benefit pension plans, and the Excess Plan, determined in each case on the basis of the assumption that the Employee's benefits under such plans are paid in the form of a single life annuity for the life of the Employee, commencing as of the Employee's date of retirement under the Pension Plan.

5

(b) An Employee who, on or after September 1, 1988, retires from employment with the Company on or after his 50th birthday, after completing 10 years of Vesting Service, after the sum of his age and years of Vesting Service, both calculated to the nearest month, equal 70 or more, and before his 65th birthday, shall be entitled to receive a lump sum benefit that is the actuarial equivalent (determined in accordance with Section 4.2 hereof) of a monthly supplemental benefit equal to the excess (if any) of

(i) (A) the retirement benefit described in Section 4.01(a)(i) hereof, plus

(B) a Temporary Retirement Benefit equal to the Employee's Primary Social Security Benefit, reduced, if applicable, by the actual amount of any unreduced Social Security benefit paid to the Employee, payable through the month in which the Employee attains age 62, provided that if the Employee has less than 25

years of Credited Service, the Temporary Retirement Benefit shall be prorated based on the proportion of 25 years of Credited Service that has been credited to the Employee at the time of his retirement; and provided further that

(C) retirement benefits prescribed by paragraph (A), above, and Temporary Retirement Benefits prescribed by paragraph (B), above, shall not exceed the following limitations:

I. Temporary Retirement Benefits payable to all Employees, and retirement benefits payable to all Employees who participated in the Retirement Income Plan as of December 31, 1983, and who had attained age 45 as of that date, shall not exceed the percentage of such benefits prescribed by the following schedule, based on the Employee's age on the date of retirement:

<TABLE>
<CAPTION>

Age	Percentage
---	-----
<S>	<C>
64	100%
63	100%
62	100%
61	95%
60	90%
59	85%

</TABLE>

<TABLE>

<S>	<C>
58	80%
57	75%
56	70%
55	65%
54	60%
53	55%
52	50%
51	45%
50	40%

</TABLE>

II. Retirement benefits payable to all Employees who did not participate in the Retirement Income Plan on December 31, 1983, or who had not attained age 45 as of that date, shall not exceed the percentage of such benefits prescribed by the following schedule, based on the Employee's age on the date of retirement:

<TABLE>
<CAPTION>

Age	Percentage
---	-----
<S>	<C>
65	100%
64	95%
63	90%
62	85%
61	80%
60	75%
59	70%
58	65%
57	60%
56	55%
55	50%
54	45%
53	40%
52	35%
51	30%
50	25%

7

</TABLE>

over

(ii) the sum of the monthly benefits he is entitled to receive from all Company-sponsored, funded, defined benefit pension plans and the Excess Plan, determined in each case on the basis of the assumption that the Employee's benefits under such plans are paid in the form of a single life annuity for the life of the Employee, commencing as of the Employee's date of retirement under the Pension Plan.

(c) Subject to the provisions of Section 4.2 hereof, the benefit payable pursuant to paragraph (a) or (b) of this Section 4.1, shall be paid in the form of a lump sum, payable as of the Employee's date of retirement under the Pension Plan.

(d) If an Employee dies before the date as of which

benefits are scheduled to be paid or to commence hereunder, the Employee's surviving spouse (if any) shall be entitled to receive a lump sum benefit equal to 100 percent of the benefit to which the Employee would have been entitled under paragraph (c), above, if the Employee had retired on the date of his death.

(e) No benefits shall be paid hereunder with respect to an active Employee who is not married on the date of his death.

4.2. FORM OF BENEFIT PAYMENTS. An Employee eligible for a benefit under this Plan shall be entitled to receive his benefit in the form of an immediate lump sum payment. However, upon the written request of the Employee, the Treasurer of the Company may, in his sole discretion, permit such benefit to be paid instead, concurrently with any benefit that the Employee is entitled to receive under the Excess Plan, pursuant to an optional form of payment that is used for the payment of the Employee's retirement

8

benefit under the Pension Plan. Any such written request must be filed by the Employee with the Treasurer of the Company on or before the Employee's date of retirement under the Pension Plan. If the Employee is the Treasurer of the Company, the duties of the Treasurer of the Company under this Section 4.2 shall be discharged by the President of the Company. The amount of the benefit payable pursuant to any form of payment under this Plan shall be determined by applying the mortality rates, interest assumptions and other factors contained in the Retirement Income Plan that would be applicable to the form of payment payable under this Plan; provided, that if a lump sum distribution is made hereunder, the amount of the lump sum distribution shall be equal to the excess of

(a) the total lump sum amount that is actuarially equivalent to the monthly supplemental benefit prescribed by Section 4.1(a)(i) or Section 4.1(b)(i), whichever is applicable, calculated on the basis of an interest rate equal to 85% of a composite insurance company annuity rate provided by an actuary designated by the Plan Administrator (and provided by such actuary as of the last month of the calendar year next preceding the calendar year in which the distribution is made), subject to the condition that the interest rate in effect for any such year may not differ from the rate in effect for the prior year by more than one-half of one percent, and also subject to the condition that any such rate shall be rounded to the nearest one-tenth of one percent (and if such rate is equidistant between the next highest and next lowest one-tenth of one percent, rounded to the next lowest one-tenth of one percent), and on the basis of the applicable mortality assumption for males under the 1971 Group Annuity Mortality Table, over

(b) the total lump sum distribution that he is entitled to receive under all Company-sponsored, funded, defined benefit pension plans and the Excess Plan, determined on the basis of the interest rate and mortality assumptions required by the terms of those plans. Any post-retirement increase in the benefits being paid to an Employee under the Pension Plan shall also be applied on a comparable basis to any monthly supplemental benefits under this Plan.

4.3. TIME AND DURATION OF BENEFIT PAYMENTS. Benefits due under the Plan shall be paid coincident with the payment date of benefits under the Pension Plan, or at such other time or times as the Plan Administrator in his discretion determines. All supplemental benefits payable under this Plan shall cease as of the first day of the month following the Employee's death, except that payments may continue to the Employee's spouse or beneficiary following his death pursuant to an optional form of payment selected under Section 4.2.

4.4 BENEFITS UNFUNDED. The benefits payable under the Plan shall be paid by the Company each year out of its general assets and shall not be funded in any manner. The obligations that the Company incurs under this Plan shall be subject to the claims of the Company's other creditors having priority as to the Company's assets.

4.5 NONALIENABILITY. Except as to withholding of any tax under the laws of the United States or any state or locality, no supplemental benefit payable at any time hereunder shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such supplemental benefit, whether currently or thereafter payable, shall be void.

4.6 SUCCESSORS TO THE CORPORATION. This Plan shall be binding upon and inure to the benefit of any successor or assign of the Company, including, without limitation, any corporation or corporations acquiring directly or indirectly all or substantially all of the assets of the Company whether by merger, consolidation, sale or otherwise (and such successor or assign shall thereafter be deemed embraced within the term "Company" for the purposes of this Plan).

4.7. CHANGE IN CONTROL. Anything hereinabove in this Article IV or elsewhere in this Plan to the contrary notwithstanding:

(a) LUMP SUM PAYMENT. Upon the occurrence of a Change in Control, each Employee and each Employee's spouse or beneficiary following his death who are receiving benefits under the Plan ("Recipient") shall receive, on account

10

of future payments of any and all benefits due under the Plan, a Lump Sum Payment, so that each such Employee or Recipient will receive substantially the same amount of after-tax income as before the Change in Control, determined as set forth in paragraph (c) of this Section 4.7.

(b) CERTAIN MATTERS FOLLOWING A LUMP SUM PAYMENT. An Employee who has received a Lump Sum Payment pursuant to paragraph (a) of this Section 4.7 shall, thereafter (i) while in the employ of the Company, continue to accrue benefits under the Plan, and (ii) be eligible to be paid further benefits under the Plan, after appropriate reduction in respect of the Lump Sum Payment previously received. For purposes of calculating such reduction, the Lump Sum Payment shall be accumulated with interest at the Specified Rate in effect from time to time for the period of time from initial payment date to the next date on which a computation is to be made (i.e., upon Change in Control, retirement, or other termination of employment). It shall then be

converted to a straight-life annuity using the current annuity certain factor. The current annuity certain factor will be determined on the Net Specified Rate basis if this benefit payment is being made due to a subsequent Change in Control; otherwise, the Specified Rate shall be used.

(c) DETERMINATION OF LUMP SUM PAYMENT. The Lump Sum Payment referred to in paragraph (a) of this Section 4.7 shall be determined by multiplying the annuity certain factor (for monthly payments at the beginning of each month) based on the Benefit Payment Period and the Net Specified Rate by the monthly benefit (adjusted for assumed future benefit adjustments due to Social Security and Code Section 415 changes in the Pension Plan) to be paid to the Employee or Recipient under the Plan.

4.8. TAXATION. Notwithstanding anything in the Plan to the contrary, if the Internal Revenue Service determines that the Participant is subject to Federal income taxation on an amount in respect of any benefit provided by the Plan before the

11

distribution of such amount to him, the Company shall forthwith pay to the Participant all (or the balance) of such amount as is includible in the Participant's Federal gross income and shall correspondingly reduce future payments, if any, of the benefit.

ARTICLE V

AMENDMENT, TERMINATION AND INTERPRETATION

5.1. AMENDMENT AND TERMINATION. The Company reserves the right, by action of the Board, to amend, modify or terminate, either retroactively or prospectively, any or all of the provisions of this Plan without the consent of any Employee or beneficiary; provided, however, that no such action on its part shall adversely affect the rights of an Employee and his beneficiaries without the consent of such Employee (or his beneficiaries, if the Employee is deceased) with respect to any benefits accrued prior to the date of such amendment, modification, or termination of the Plan if the Employee has at that time a non-forfeitable right to benefits under a funded, defined benefit pension plan sponsored by the Company.

5.2. INTERPRETATION. The Plan Administrator shall have the power to interpret the Plan and to decide any and all matters arising hereunder; including but not limited to the right to remedy possible ambiguities, inconsistencies or omissions by general rule or particular decision; provided, that all such interpretations and decisions shall be applied in a uniform and nondiscriminatory manner to all Employees similarly situated. In addition, any interpretations and decisions made by the Plan Administrator shall be final, conclusive and binding upon the persons who have or who claim to have any interest in or under the Plan.

December 12, 1994

DANA CORPORATION

SUPPLEMENTARY BONUS PLAN

1. PURPOSE.

The purpose of the Dana Corporation Supplementary Bonus Plan (the "Plan") is to provide additional incentive for selected employees of Dana Corporation (the "Corporation") who, individually or as members of a group, contribute in a substantial degree to the success of the Corporation.

2. AWARDS.

The Compensation Committee of the Corporation's Board of Directors (the "Committee") shall have the right to award cash bonuses hereunder in whatever circumstances it shall deem appropriate consistent with its existing authority under the By-Laws of the Corporation and applicable law. The Committee shall have the exclusive power to select the employees to be granted awards under this Plan, to determine the amount of any such award granted to each employee selected, and to determine the time, or times, and any conditions subject to which awards may become payable, including, but not limited to, the right to defer payment of any such award to a future date which may be subsequent to an employee's termination of employment with the Corporation. All decisions and interpretations of the Committee shall be final, conclusive and binding in all respects.

3. MISCELLANEOUS.

Awards granted hereunder are not assignable or transferable and are not subject to attachment, garnishment, execution or other creditors' processes. The Plan does not constitute a contract of employment, and participation in the Plan does not give any employee the right to be retained in the service of the Corporation. This Plan shall be construed, administered and governed in all respects under and by the applicable internal laws of the State of Ohio, without giving effect to the principle of conflicts of laws thereof.

<TABLE> <S> <C>

<ARTICLE> 5

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	DEC-31-1995
<PERIOD-START>	JAN-01-1995
<PERIOD-END>	JUN-30-1995
<CASH>	77,700
<SECURITIES>	0
<RECEIVABLES>	1,162,000
<ALLOWANCES>	0
<INVENTORY>	816,400
<CURRENT-ASSETS>	0
<PP&E>	3,072,400
<DEPRECIATION>	1,594,100
<TOTAL-ASSETS>	5,507,200
<CURRENT-LIABILITIES>	0
<BONDS>	1,294,500
<COMMON>	101,300
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	945,600
<TOTAL-LIABILITY-AND-EQUITY>	5,507,200
<SALES>	3,893,200
<TOTAL-REVENUES>	3,987,800
<CGS>	3,288,400
<TOTAL-COSTS>	3,288,400
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	69,100
<INCOME-PRETAX>	294,300
<INCOME-TAX>	116,500
<INCOME-CONTINUING>	0
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	148,300
<EPS-PRIMARY>	1.47
<EPS-DILUTED>	0

</TABLE>